



ANTHONY A. WILLIAMS
MAYOR

February 6, 2006

Honorable Linda W. Cropp
Chairman
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, NW, Suite 504
Washington, DC 20004

Dear Chairman Cropp:

Enclosed for consideration and enactment by the Council of the District of Columbia Pursuant to Section 3 of the Disposal of District Owned Surplus Real Property Amendment Act of 1989, I am transmitting for review and approval by the Council of the District of Columbia a draft resolution to authorize the disposition of a parcel of land comprising a portion of U.S. Reservation 13 fronting Independence Avenue, S.E., consisting of approximately nine (9) acres of land (the "Property"). The resolution approves a lease of the Property to Howard University ("Howard") for a term greater than twenty (20) years for the construction and development of a hospital and related medical research and office facilities, to be known as the National Capital Medical Center ("NCMC"), upon certain terms and conditions. I am submitting this legislation along with five other pieces of related legislation to ensure completion of the National Capital Medical Center project.

The NCMC is essential to creating a comprehensive, high-quality healthcare delivery system in the District of Columbia. It will improve the distribution of medical services across the city. In particular, it will expand access to emergency, trauma, inpatient, specialty, and diagnostic care for our poorest and sickest residents on the Eastern side of the District, who are currently medically underserved. Additionally, new NCMC emergency room capacity will take pressure off hospital ERs around the city, improving the District's emergency response capability. The NCMC will also ensure that the District's level one trauma facilities are not clustered in the same part of the city, which could be problematic in the event of a major disaster.

The Council initially directed me to pursue a new hospital with Howard University through emergency legislation in November 2003. Subsequently in May of 2004, the Council unanimously approved a Memorandum of Understanding between the District and Howard. In January 2006, President Patrick Swygert and I signed the Exclusive Rights Agreement (ERA) for the construction of the NCMC.

The proposed lease is further subject to the Council's approval: (1) by resolution of the Exclusive Rights Agreement dated as of January 3, 2006 between the District and Howard; (2) that certain Grant Agreement between the District and Howard and related legislation (all of which is being submitted simultaneously herewith; and (3) Howard obtaining necessary financing for its share of the cost for the construction and development of the NCMC. In addition to these conditions, the lease contains the following additional terms and conditions: (1) Howard will pay ninety-nine and 00/100 Dollars (\$99.00) as full payment and consideration for the entire ninety-nine (99) year term of the lease; (2) Howard will use the Property solely for the purposes of construction and development of the NCMC in accordance with the lease terms and that certain Development Agreement between the District and Howard; (3) Howard may, upon notification to the District, sublease portions of the Property under specific terms and conditions of the lease; (4) Howard may obtain leasehold financing, provided no leasehold mortgagee will obtain rights greater than those granted to Howard under the lease; (5) the title to all improvements during the lease term will remain vested in Howard; (6) the District has a right of first refusal to purchase the improvements, subject to certain terms and conditions; (7) in the event of Howard's default, the District may pursue all remedies available to it at law and in equity to enforce the terms of the lease.

The District holds the Property under the terms of a Letter Transfer from the United States through the General Services Administration. The terms of the Letter Transfer require that the District shall not enter into any lease for U.S. Reservation 13, or any portion thereof, for a term, including options, which exceeds fifteen (15) years without prior notification to the GSA and receipt of certification from GSA that there is no known federal user for the property in question. The District will provide such notice to obtain certification that GSA knows of no federal requirement for the Property.

In addition to the Lease Agreement, I am introducing five other related pieces of legislation that will allow the District to complete the NCMC project with Howard: an exclusive rights agreement, a grant agreement, a Certificate of Need exemption, an amendment to the Tobacco Settlement Trust Fund Establishment Act, and a resolution to authorize the issuance of new Tobacco Settlement Trust Fund bonds. The last two bills will authorize the Office of the Chief Financial Officer to issue additional Tobacco Settlement Trust Fund bonds. The proceeds of this bond transaction are projected to total \$200 million to \$230 million, of which \$212,168,000 is intended to fund the NCMC.

The six related pieces of legislation should be viewed by the Council as a package. They must all be approved in order to move forward with the National Capital Medical Center Project. I hope the Council will work with me to advance this hospital project, which is

Letter to Honorable Linda W. Cropp
Chairman
Council of the District of Columbia
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so important to the health and welfare of District residents. I look forward to Council action on the Lease and the other related pieces of legislation this spring.

Sincerely,

A handwritten signature in black ink that reads "Anthony A. Williams". The signature is written in a cursive, flowing style.

Anthony A. Williams

Chairman Linda W. Cropp
at the request of the Mayor

A PROPOSED RESOLUTION

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

Chairman Linda W. Cropp, at the request of the Mayor, introduced the following bill,
which was referred to the Committee on _____.

To review and approve the disposition by a lease for a period of greater than twenty (20) years to Howard University of a parcel of District property on U.S. Reservation 13, Lot 800, Square E-1112, such parcel known as Sites B and C, consisting of approximately nine acres, held by the District under a Letter Transfer.

RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, that this resolution may be cited as the "Lease of a Parcel of District Property Held Under a Letter Transfer at U.S. Reservation 13 to Howard University Approval Resolution of 2006."

Sec. 2. (a) Pursuant to section 1(b)(3) of an Act Authorizing the sale of certain real estate in the District of Columbia no longer required for public purposes, approved August 5, 1939 (53 Stat. 1211; D.C. Official Code § 10-801(b)(3)) (Act), the Mayor transmitted to the Council a request for Council approval of the lease of a parcel of District property on U.S. Reservation 13, Lot 800, Square E-1112, known as Sites B and C, consisting of approximately nine acres ("NCMC Site"), to Howard University, a District of Columbia non-profit corporation, for the construction and development of a hospital and related medical research and office facility to be known as the National

1 Capital Medical Center (“NCMC”). The lease shall be subject to the following terms and
2 conditions (in addition to such other terms and conditions as the Mayor deems necessary
3 and appropriate): (1) the Council’s approval of the Exclusive Rights Agreement between
4 the District of Columbia and Howard University dated as of January 3, 2006; (2) the
5 Council’s approval of the Grant Agreement between the District of Columbia and
6 Howard University and related legislations for the grant; and (3) Howard University
7 obtaining necessary financing for the construction and development of the NCMC.

8 (b) The District of Columbia has determined that the NCMC Site is no
9 longer needed for use by the District government.

10 (c) The Council of the District of Columbia, finding that the NCMC Site
11 is no longer required for public purposes, hereby approves the lease of the NCMC Site
12 for a term of ninety-nine (99) years to Howard University for the construction and
13 development of the NCMC, subject to the terms and conditions set forth herein.

14 (d) The Council finds that the Mayor’s analysis of economic and other
15 policy factors supporting the disposition of the NCMC Site justifies the lease proposed by
16 the Mayor.

17 Sec. 3 The Council adopts the fiscal impact statement in the committee report as
18 the fiscal impact statement required by section 602(c)(3) of the District of Columbia
19 Home Rule Act, approved December 24, 1973 (87 Stat. 813, D.C. Official Code 1-
20 206.02(c)(3)).

21 Sec. 4. The Secretary of the Council of the District of Columbia shall transmit a
22 copy of this Resolution, upon its adoption, to the Mayor of the District of Columbia, the
23 Chief Financial Officer, and Howard University.

1 Sec. 5 This resolution shall take effect immediately.

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LEASE AGREEMENT

THIS LEASE (the "Lease") is made and entered into as of this ___ day of _____, 200___, by and between the District of Columbia, a Municipal Corporation ("District"), and Howard University, a non-profit corporation ("Tenant"), with an address at 2400 Sixth Street, NW, Washington, D.C. 20059

WITNESSETH:

A. The District controls the Project Area (as hereinafter defined) designated as Sites B and C containing approximately nine (9) acres that are part of Lot 800 in Square E-1112 in the District of Columbia (individually "Site B" and "Site C").

B. The Project Area is located on a portion of U.S. Reservation 13, and is held by the District pursuant to a Letter Transfer of Jurisdiction from the United States of America, acting through the General Services Administration, said Transfer of Jurisdiction bearing the date of October 25, 2002, and filed of record in the Office of the Recorder of Deeds of the District of Columbia on October 30, 2002 as Instrument Number 2002125610 (the "Transfer Letter").

C. The District has agreed to lease to Tenant and Tenant has agreed to lease from the District the Project Area more particularly described on Exhibit A-1 attached hereto and made a part hereof, subject to the Permitted Encumbrances (as hereinafter defined).

D. Tenant has been duly created by Howard University, as a non-profit corporation, for the purpose of leasing, undertaking and financing the improvement and development of the NCMC Hospital Parcel (as hereinafter defined) in accordance with the terms of this Lease and the Development Agreement (as hereinafter defined).

E. The parties mutually desire to enter into this Lease to define their respective rights, duties and liabilities relating to the Project Area.

NOW, THEREFORE, in consideration of the respective representations and agreements, the payment of the rent and performance of the covenants, terms and conditions herein contained, the parties hereto agree as follows:

1. Definitions and Rules of Construction.

(a) Definitions. For all purposes of this Lease and the Exhibits referred to in this Lease and in addition to any term to which meaning is specifically ascribed by any other provision of this Lease, unless the context shall otherwise require, the terms set forth in this Section 1(a), whenever capitalized in this Lease, shall have the indicated meanings:

"Additional Rent" means all other amounts, costs, expenses and obligations which the Tenant is required to pay or discharge, in accordance with this Lease.

“Affiliate” of any Person means any other Person or group acting in concert with the Person in question that at such time directly or indirectly through one or more intermediaries, controls, or is controlled by or is under common control with, such Person. For purposes of this definition, the term "control" (including the correlative meanings of the terms “controlling” controlled by” and “under common control with”), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

“Alterations” mean any alterations, installations, renovations, demolition, reconstruction, replacements, changes, removals or additions to the Improvements, interior and exterior, and ordinary and extraordinary.

“Applicable Laws” means all present and future laws, statutes, codes, ordinances, rules and regulations of any Governmental Authority, restrictive covenants and all orders, decrees and like actions of any court of competent jurisdiction which may be applicable to the Project Area, including all Environmental Laws.

“Appurtenant Rights” mean means all of the District’s right, title, or interest in all easements, privileges, appurtenances, tenements, hereditaments, rights of way or use, rights of ingress or egress and any other rights and benefits belonging or pertaining to the Project Area, and all other rights whether or not of record, appurtenant to the Project Area.

“Assign” or “Assignment” means to transfer, mortgage or encumber the Project Area, or to pledge or otherwise assign this Lease.

“Basic Sublease” means a Sublease of an entire Parcel made by Tenant to a Subtenant.

“Bonds” means any bonds, notes, warrants or other evidences of indebtedness issued by Tenant, a Subtenant or by the District or by any agency or instrumentality of the District.

“Casualty” means any loss, damage or destruction to the Improvements from fire, hazard or other casualty.

“Casualty Insurance Proceeds” mean the entire amount of the insurance proceeds or other payment made available from Casualty insurance as a result of a Casualty.

“Civic Facilities” means those portions of the Project Area to be developed with improvements designed for municipal uses and services, including, public open areas, streets, sidewalks, sewers, water lines, hydrants, street lighting, signal boxes, other utilities and similar uses, substantially as provided in the Preliminary Plan.

“Common Area Charges” mean the fees, costs and other charges allocated to the respective Parcels by Tenant and paid by the respective Subtenants for the maintenance, repair, Restoration, Alteration and other upkeep of the Common Facilities (as defined in each Sublease).

“Condemnation Costs” mean the aggregate of all reasonable attorneys’, experts’ and other fees, and all other expenses, incurred by any Leasehold Mortgagee, the District and/or Tenant or any Subtenant in connection with a Taking.

“Condemnation Proceeds” mean the entire award, compensation, or other payment made as a result of a Taking.

“Condemnation Trustee” means a bank or trust company located in the Metropolitan Washington, D.C. area, the deposits of which are Federally insured, specified in and defined by Section 24(a).

“Constructive Total Taking” means a Taking that renders that portion of the Parcel not so taken unsuitable for continued use and occupancy by Tenant in the same manner as immediately before such Taking in the case of the NCMC Hospital Parcel or by any Subtenant in the case of any other Parcel even after giving effect to any Restoration of the Improvements located on the NCMC Hospital Parcel or the Improvements, if any, on any other Parcel, as the case may be.

“Development Agreement” means the agreement to be negotiated in good faith between the District and Tenant governing the design, development, funding and construction of the NCMC Hospital and the MOB.

“Environment” means the land, soil, surface waters, groundwater, streams sediments, surface or subsurface strata, and ambient air.

“Environmental Condition” means any condition or Release, which is not a Pre-Existing Environmental Condition, first affecting the Project Area on or after the Lease Commencement Date with respect to the Environment on or off the Project Area, whether or not yet discovered, which results in any Environmental Damages affecting or related to the Project Area, including any condition resulting from the operation of Tenant’s business or any Subtenant’s business.

“Environmental Damages” mean all claims, judgments, damages (other than consequential damages), losses, and liabilities and expenses of investigation, and defense of any claim, which are incurred at any time as a result of any Environmental Condition.

“Environmental Laws” mean every law, ordinance, rules, regulation, judicial or administrative order or decree, permit, license, approval, authorization and similar requirement of every federal and District governmental agency or other Governmental Authority relating to any Hazardous Substances, including the Clean Water Act, the Clean Air Act, TOSCA, CERCLA, RCRA, the Hazardous Substances Transportation Act (49 U.S.C. §5101 *et seq.*), the Hazardous Substances Account Act, the Federal Hazardous Substances Act (15 U.S.C. §1261 *et seq.*), the Underground Storage Tank Act of 1984 (42 U.S.C. §991 *et seq.*), and the District of Columbia Underground Storage Tank Management Act of 1990 (D.C. Code §6-995.1 *et seq.*).

“Event of Default” means any occurrence or event specified in and defined by Section 20.

“Expiration Date” means the Initial Term Expiration Date, unless the Initial Term is extended and renewed in accordance with Section 3(c) in which event Expiration Date means 12:59 p.m. (prevailing District time) on the last day of the ninety-ninth (99th) lease year of the Extension Term.

“Financial Closing” means the date on which Tenant closes on the NCMC Hospital Project Financing and each of the conditions in Section 11 are satisfied or waived by the District and Tenant.

“Force Majeure” means delays arising without the fault of the District or Tenant, as the case may be, including, an act of God, fire, earthquake, flood, explosion, war, invasion, insurrection, riot, mob violence, sabotage, inability to procure or a general shortage of labor, equipment, facilities, materials or supplies in the open market, failure or unavailability of transportation, strike, lockout, actions of labor unions, a taking by eminent domain, requisition, laws, orders of government or of civil, military, or naval authorities (but only such orders of a general nature pertaining to the Improvements and comparable properties in the District), or any other cause, whether similar or dissimilar to the foregoing specifically excluding, however, delays for adjustments of insurance and delays due to shortage or unavailability of funds.

“Governmental Authority” means any District, federal or other governmental body, agency, instrumentality, authority or municipality having jurisdiction over the Project Area.

“Grant Agreement” means the agreement by and among the District and Tenant dated as of the date of this Lease, governing the contribution by each party of its respective share of the NCMC Hospital Project Costs and which sets forth certain procedures and covenants related to the disbursement of each party’s funds as provided therein.

“Hazardous Substances” mean any substance (whether liquid, solid or gas), material, condition, mixture or waste which is now or hereafter (i) defined as a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "oil," "pollutant," or "contaminant" under any provision of District, federal, or other Applicable Law; (ii) classified as radioactive material; (iii) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. §1321 or listed pursuant to Section 307 of the Clean Water Act, 33 U.S.C. §1317 ("Clean Water Act"); (iv) defined as a "hazardous waste" pursuant to the Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.* ("RCRA"); (v) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 *et seq.* ("CERCLA"); (vi) determined to be a "hazardous chemical substance or mixture" pursuant to the Toxic Substances Control Act, 15 U.S.C. §2601 *et seq.* ("TOSCA"); (vii) identified for remediation, storage, containment, removal, disposal, or treatment in any District plan for the existing improvements; or (viii) determined by the District or federal authorities to pose or be capable of posing a risk of injury to human health, safety or property (such substances to include petroleum and petroleum by products, asbestos, polychlorinated biphenyls, polynuclear aromatic hydrocarbons, cyanide, lead, mercury, acetone, styrene and "hazardous air pollutants" listed pursuant to the Clear Air Act, 42 U.S.C. §7412 *et seq.* ("Clean Air Act").

“Impositions” means all (i) real estate and personal property taxes and other governmental impositions and assessments lawfully levied or assessed upon or in the Project Area, and (ii) all Common Area Charges and all other charges for water, sewer, electricity, heating oil, gas, telephone, trash removal and all other utility services to the extent rendered during the Term that may be assessed, levied, imposed upon or become a Lien on any Parcel and the Improvements thereon.

“Improvements” mean the medical center to be constructed on the Project Area, including, the NCMC Hospital, the MOB, Research Center and all other buildings, facilities, structures, additions, extensions and other improvements that are now or hereafter located on the Project Area and fixtures appurtenant to the Project Area and Alterations thereto.

“Infrastructure Costs” mean the anticipated total hard costs, fees and other soft costs for the demolition of any existing improvements in the Project Area; clearing, constructing and installing the Civic Facilities; and remediating or removing, transporting and disposing of any Pre-Existing Environmental Conditions.

“Initial Improvements” means the NCMC Hospital and the MOB.

“Initial Term” means the Lease Commencement Date through the Initial Term Expiration Date.

“Initial Term Expiration Date” means 11:59 PM (prevailing District time) on the last day of the ninety-ninth (99th) lease year (each lease year being the 12-month period commencing on the first day of the calendar month after the Lease Commencement Date) after the Lease Commencement Date.

“Lease Commencement Date” means the later of the date on which the District and Tenant have agreed on a metes and bounds description of the Project Area, or the date on which the Financial Closing takes place.

“Lease Confirmation Certificate” means a written statement executed by the District and the Tenant, specified in and defined by Section 3.

“Leasehold Mortgage” means any leasehold mortgage, deed of trust, pledge or similar agreement or instrument that constitutes a Lien upon this Lease or any Basic Sublease and all or a portion of the leasehold or subleasehold interest thereby created from Tenant or any Subtenant to or for the benefit of any Leasehold Mortgagee, as the same may be modified, amended, renewed, consolidated, replaced or extended. The term “Leasehold Mortgage” also includes an indenture entered into between Tenant or any Subtenant and a trustee securing any Bonds, or a resolution authorizing such Bonds constituting part of the contract with the holders of Bonds, or both or any combination thereof.

“Leasehold Mortgagee” means any Person identified as such in writing to the District which is the holder of or beneficiary under a Leasehold Mortgage, including the holder of a Leasehold Mortgage as a result of an assignment thereof. The term “Leasehold Mortgagee” also includes the trustee with respect to the pool of collateral for any commercial mortgage-

backed securities or mortgage pass-through certificates or other securities evidencing a beneficial interest in a rated or unrated public offering or private placement (collectively, “CMBs”) into which pool the Leasehold Mortgage or other Lien instrument or interest in the Leasehold Mortgagee may be sold, assigned, transferred or pledged and also the issuer of such CMBs. A Leasehold Mortgagee may appoint, in writing, a master servicer, escrow agent or other Person serving in a similar capacity to act for it and in such case such Person shall be considered the Leasehold Mortgagee for purposes of this Lease.

“Lien” means, with respect to any asset, any actual or claimed mortgage, charge, pledge, lien (statutory or otherwise), security interest or other encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law.

“MOB” means the medical office building to be constructed on a portion of the Project Area in accordance with the Development Agreement.

“MOB Leasehold Mortgagee” means each Leasehold Mortgagee holding a Lien on the subleasehold estate created by the MOB Sublease.

“MOB Parcel” means the Parcel to be more particularly identified on which the MOB will be constructed, together with all Appurtenant Rights.

“MOB Property” means, collectively, the MOB Parcel and the Improvements located thereon.

“MOB Recognition Agreement” means a Recognition and Attornment Agreement by and among the District, the Tenant, the MOB Subtenant, the NCMC Hospital Leasehold Mortgagee and any Leasehold Mortgagee holding a Leasehold Mortgage on the MOB Subtenant’s subleasehold estate.

“MOB Sublease” means a Basic Sublease between Tenant, as sublessor, and the MOB Subtenant, as sublessee.

“MOB Subtenant” means the Person that enters into the MOB Sublease to develop, construct, own, lease and operate the MOB.

“NCMC Hospital” means an approximate 250 bed hospital with ancillary facilities and amenities and the Parking Garage to be constructed on the NCMC Hospital Parcel, each in accordance with the Development Agreement.

“NCMC Hospital Leasehold Mortgagee” means each Leasehold Mortgagee holding a Lien on the leasehold estate created by this Lease.

“NCMC Hospital Parcel” means the Parcel to be more particularly identified on which the NCMC Hospital will be constructed, together with all Appurtenant Rights.

“NCMC Hospital Project Budget” means the project budget reflecting the NCMC Hospital Project Costs.

“NCMC Hospital Project Costs” shall have the meaning set forth in the Grant Agreement.

“NCMC Hospital Project Escrow Agreement” means the escrow agreement more particularly described in the Grant Agreement.

“NCMC Hospital Project Financing” means (i) the tax exempt revenue bond financing intended to fund all or a portion of Tenant’s share of the NCMC Hospital Project Costs to be issued by the District of Columbia with Tenant’s obligations evidenced by one or more promissory notes insured through insurance provided by the Federal Housing Administration of the U.S. Department of Housing and Urban Development under Section 242 of the National Housing Act and which note or notes will be secured, in part, by one or more Leasehold Mortgages creating a Lien or Liens on Tenant’s leasehold interest under this Lease, (ii) other financing from one or more Leasehold Mortgagees intended to fund all or a portion of Tenant’s share of the NCMC Hospital Project Costs or (iii) a combination of (i) and (ii).

“NCMC Hospital Property” means, collectively, the NCMC Hospital Parcel and the Improvements located thereon.

“Net Condemnation Proceeds” means the amount by which the Condemnation Proceeds exceed the Condemnation Costs.

“Net Insurance Proceeds” means the Casualty Insurance Proceeds remaining after costs, if any, of collecting such proceeds from the insurer.

“Parcel” means the NCMC Hospital Parcel, the MOB Parcel, the Research Center Parcel and any other specific portion of the Project Area described by metes and bounds or by such other means as shall identify the Parcel with specificity and which shall constitute the subject matter of a Basic Sublease and the Improvements, if any, located thereon, including accessory facilities, exclusive, however, of any portion thereof devoted to water, sewer or other utilities, streets and other Civic Facilities which are dedicated to and operated by the District.

“Parking Garage” means an approximate 1,100 space underground parking garage to be constructed on the NCMC Hospital Parcel in accordance with and more particularly described in the Development Agreement.

“Partial Taking” means any Taking that is not a Total Taking.

“Permits” mean all licenses, authorizations, certificates (including certificates of occupancy), variances, concessions, grants, registrations, consents, permits and other approvals issued by a Governmental Authority now or hereafter pertaining to the ownership, management, occupancy, use, operation, maintenance, Alteration or Restoration of the NCMC Hospital Property.

“Permitted Encumbrances” mean (i) any easements, rights-of-way, servitudes and all other matters of record affecting title existing on the date of this Lease and more particularly described in **Exhibit E** attached hereto and made a part hereof, (ii) this Lease, (iii) any

easements, rights-of-way, servitudes and other matters granted in accordance with Section 2(c); and (iv) any Leasehold Mortgage constituting a Lien on the leasehold estate created by this Lease.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, trustee of a trust, unincorporated organization, Governmental Authority or any other entity.

“Pre-Existing Environmental Conditions” mean the existence, on or before the Lease Commencement Date, of any pits, lagoons, ponds or other surface impoundments, above ground tanks or other containment structures, underground storage tanks, lead and lead-based paints, asbestos or asbestos-containing materials, any PCB-containing equipment, including PCB-containing transformers, or the existence of any Hazardous Substances in violation of, or in a manner which is reasonably likely to result in liability under any of the Environmental Laws which occurred or existed on the Project Area, any existing Improvements or both.

“Preliminary Plan” means a preliminary plan prepared by or on behalf of Tenant for review by the District for the development of the Project Area and the design and construction of the Initial Improvements.

“Project Area” means the area leased to Tenant consisting of Site B and Site C described on Exhibit A-1 hereto, together with all Appurtenant Rights.

“Recognition Agreement” means any recognition and attornment agreement by and among the District, the Tenant, a Subtenant, the Leasehold Mortgagee holding a Leasehold Mortgage on the NCMC Hospital Parcel, and the Leasehold Mortgagee holding a Leasehold Mortgage on such Subtenant’s subleasehold estate and delivered in accordance with Section 9(f) of this Lease.

“Release” means any releasing, seeping, spilling, leaking, pumping, pouring, placing, emitting, emptying, discharging, injecting, escaping, leaching, disposing, burying or dumping of any Hazardous Substances into the Environment.

“Research Center” means the first research building that is anticipated to be constructed on a portion of the Project Area.

“Research Center Parcel” means the Parcel to be more particularly identified on which the Research Center will be constructed, together with all Appurtenant Rights.

“Research Center Property” means, collectively, the Research Center Parcel and the Improvements located thereon.

“Research Center Recognition Agreement” means a Recognition Agreement by and among the District, the Research Center Subtenant, the NCMC Hospital Leasehold Mortgagee and any Leasehold Mortgagee holding a Leasehold Mortgage on the Research Center Subtenant’s subleasehold estate.

“Research Center Sublease” means a Basic Sublease between Tenant, as sublessor, and the Research Center Subtenant, as sublessee.

“Research Center Subtenant” means the Person that enters into the Research Center Sublease to develop, construct, own, lease and operate the Research Center.

“Restoration” or “Repair” means the repair, restoration or rebuilding of any or all of the NCMC Hospital Property, the MOB Property or the Research Center Property, as the case may be, after any damage or destruction, with such Alterations thereto as are made by the Tenant in accordance with this Lease or a Subtenant under a Sublease, together with any temporary repairs or improvements made to protect the NCMC Hospital Property, the MOB Property or the Research Center Property, as the case may be, pending the completion of such work.

“Right of First Refusal Notice” means written notice provided by the District to the Tenant of a Third Party Offer specified in and defined by Section 16.

“Sublease” means a sublease of all or any portion of a Parcel made by Tenant to any Subtenant and it includes the MOB Sublease and the Research Center Sublease.

“Subtenant” means the MOB Subtenant, the Research Center Subtenant and any other Person, its successors and assigns, under a Sublease.

“Taking” means a taking of the fee title to any Parcel in the Project Area or of Tenant’s leasehold interest or of a Subtenant’s subleasehold interest in any of the Project Area by condemnation, including legally established inverse condemnation actions, or by any right of eminent domain or similar power of any Governmental Authority, or for any public purpose, or by any voluntary conveyance or agreement under threat of exercise of any such proceedings, power or taking, whether permanent or temporary or a Constructive Total Taking.

“Term” means the Initial Term together with the Extension Term.

“Third Party Offer” means any bona fide offer received by the District from any third party for the purchase or exchange of the District’s interest in this Lease, the Project Area or any part thereof, upon terms and conditions acceptable to the District.

“Third Party Terms” means all of the terms and conditions of a Third Party Offer.

“Total Taking” means a Taking or a Constructive Taking of the fee title to the Project Area or to Tenant’s leasehold interest in Project Area.

(b) General Rules of Interpretation

(i) A reference in this Lease to a particular Section or Exhibit shall be a reference to that Section or that Exhibit in this Lease, unless otherwise specified or unless the context requires otherwise.

(ii) A term defined in this Lease which includes one or more items, when used shall mean all or any one or more of those items.

(iii) A term defined in this Lease which means or refers to an agreement, writing or statute shall mean and refer to that agreement, writing or statute as amended, modified, substituted for or replaced from time to time, but only in writing and as permitted under and in accordance with this Lease, if applicable.

(iv) References to any Person include such Person and its successors and permitted assigns.

(v) All references made in this Lease (A) to a gender include any gender, (B) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well, and (C) to any agreement, document or writing (including this Lease) shall be a reference as well to the provisions therein contained.

(vi) In this Lease, unless specifically provided otherwise or the context requires, use of the words (A) “including” and “includes”, and words of similar import, shall mean “including but not limited to”, (B) “any” shall mean “any and all”, and (C) “herein”, “hereof”, “thereunder”, “thereof”, and “thereunder”, and words of similar import, when used with respect to a document, shall be deemed to refer to the document as a whole and not to a specific section or provision where such words appears unless so stated.

2. Demise; State of Project Area; Granting of Easements.

(a) Demise of Project Area. The District hereby leases to Tenant and Tenant hereby leases from the District all of the District’s right, title and interest in the Project Area, together with all Improvements now existing, for the Term (as hereinafter defined), and upon the terms, conditions and covenants set forth in this Lease. The lease of the Project Area is subject to, and with the benefit of, the Permitted Encumbrances.

(b) Grant of Easements. If no Event of Default exists, Tenant may from time to time in writing request the District to join with Tenant (at Tenant’s sole cost and expense) to (i) grant easements, licenses, rights of way and other rights and privileges in the nature of easements for the purposes of providing streets, roads and utilities and the like to the Project Area, (ii) release existing easements and appurtenances relating to the provision of utilities and the like to the Project Area and (iii) execute and deliver any instrument, in form and substance reasonably acceptable to the district, necessary or appropriate to make or confirm such grants or releases to any Person, with or without consideration.

3. Term.

(a) Initial Term. This Lease is effective as of the date hereof. The initial term of this Lease shall begin on the Lease Commencement Date and shall expire on the Initial Term Expiration Date unless sooner terminated as expressly provided in this Lease. Once the Financial Closing has occurred, the District may not terminate this Lease under any circumstance

during the Initial Term (other than after a Taking described in Section 24 of this Lease or following an Event of Default as described in Section 20 of this Lease).

(b) Lease Confirmation Certificate. The District and Tenant agree that concurrent with the Financial Closing they will execute, acknowledge and deliver a Lease Confirmation Certificate in the form attached hereto as **Exhibit B**, confirming (i) that all of the conditions in Section 11 have been satisfied, (ii) the Lease Commencement Date and (iii) the Initial Term Expiration Date. The Lease Commencement Date shall not be subject to any conditions subsequent including the completion of construction of all or any portion of the NCMC Hospital; however, a party's failure or refusal to execute, acknowledge and deliver such instrument shall not affect the occurrence of any such dates or otherwise affect the validity or enforceability of this Lease.

4. Rent.

(a) Rent. On the date hereof, Tenant shall pay the sum of Ninety-Nine and 00/100 Dollars (\$99.00) as full payment and consideration for the entire Initial Term of this Lease, the receipt and sufficiency of which is hereby acknowledged by the District.

(b) Additional Rent. The Tenant shall pay and disburse all Additional Rent before the imposition of any fine, interest, penalty, lien or other cost that may be added thereto for the late payment thereof. The Tenant may pay Additional Rent directly to the person entitled thereto, promptly as Additional Rent shall become due and payable or where no due date is specified, promptly after demand.

5. Impositions and Other Charges.

(a) Charges for Impositions. Tenant shall pay all Impositions to the extent assessed during the Term.

(b) Subtenant Payments. Tenant may require in any Basic Sublease that the Subtenant under such Sublease pay to Tenant its share of the Impositions, including Common Area Charges, for the Parcel leased under such Sublease in such proportion as the Tenant and such Subtenant may determine.

(c) Adjustment of Impositions. Any Imposition that relates to a fiscal period, a part of which is included within the Term and a part of which is included in a period of time before the Lease Commencement Date or in a period of time after the Expiration Date, (whether or not such Imposition shall be assessed, levied, confirmed, imposed upon or become a Lien on the Project Area, or shall be due before or during or after the Term) shall be adjusted between the District and Tenant so that Tenant will pay or require each Subtenant to pay an amount which bears the same relation to the total Imposition as the part of such fiscal period included within the Term bears to such fiscal period.

6. Lawful Use, Contest Rights.

(a) Use. Tenant shall use, and shall require in each Sublease that each Subtenant use, the Project Area solely for health care services and related uses and services or for any other related or incidental use that would complement such health care services and related uses, including an acute care hospital, medical office and research buildings, ancillary retail and parking and community services. The District and Tenant recognize that Tenant may enter into one or more Subleases under which the Subtenant or Subtenants may be permitted to use the premises leased to it or them for uses that are not directly health care services but rather are related or incidental to health care services such as ancillary retail and parking and community services. Tenant shall not permit any other use thereof, either by change of use or additional use, without the prior written consent of the District, which may be granted or denied at the District's sole discretion; provided, however, if the NCMC Property is acquired and held by the Federal Housing Commissioner as a result of a default under any Leasehold Mortgage, thereafter the NCMC Property may be used for any lawful purpose; provided further, in exercising this right the Federal Housing Commissioner shall consider, in his/her sole judgment, continuing the services contemplated by this subsection.

(b) Compliance with Applicable Laws. Throughout the Term, Tenant shall, at its sole cost and expense, comply, and shall require in each Sublease that each Subtenant comply with respect to the Parcel or portion of the Parcel that is the subject of such Sublease, promptly with all Applicable Laws and Tenant shall obtain, and shall require in each Sublease that each Subtenant obtain with respect to the Parcel, or portion of the Parcel that is the subject of such Sublease, all Permits required by Applicable Laws in connection with the construction and use of the Improvements located on the respective Parcels.

(c) Notice of Violation. Tenant and the District shall each promptly give notice to the other following receipt of any notice of violation of any Applicable Laws.

(d) Contest Rights. Tenant or any Subtenant may contest (including abatement proceedings) and Tenant may provide in each Basic Sublease that each Subtenant under a Basic Sublease may contest, promptly, in good faith and at its sole expense, by appropriate legal proceedings promptly initiated, the validity or applicability of any Applicable Laws or the amount or validity, in whole or in part, of any Impositions, and postpone payment or compliance with the same during the pendency of such contest. The terms upon which any Subtenant may conduct a contest shall be as set forth in such Subtenant's Basic Sublease.

7. Maintenance and Alterations. The Tenant shall, at its sole cost and expense, keep the Project Area, and shall require in each Basic Sublease that each Subtenant keep the Parcel leased to it, excluding any public streets and Civic Facilities, but including all Improvements on the respective Parcels, clean and in good condition and free of trash or other debris, snow, sleet and ice. Tenant shall make all repairs (including structural repairs) and replacements necessary to maintain the Project Area, and shall require in each Basic Sublease that each Subtenant make all repairs (including structural repairs) and replacements necessary to maintain the Parcel leased to it, in a condition appropriate for improvements of similar construction, use and class in the District. The District and Tenant shall establish a landscaping plan for the Project Area, and

Tenant shall maintain the landscaping of the Project Area. Tenant shall require in each Basic Sublease that each Subtenant maintain the landscaping on the Parcel leased to it in accordance with that plan.

8. Surrender of Project Area. On the Expiration Date or earlier termination of this Lease pursuant to its terms, Tenant shall peaceably and quietly leave and surrender the Project Area to the District, in good order, condition and repair, reasonable wear and tear, obsolescence and Condemnation excepted and free and clear of all Liens other than the Permitted Encumbrances. Within sixty (60) days before the scheduled Expiration Date, the District shall have the right to have the Project Area inspected by a reputable structural engineering firm selected by the District and reasonably approved by Tenant to determine whether the Project Area has been maintained, repaired and restored in accordance with the terms of this Lease; provided, however, Tenant shall not be required to remove any Liens created by the District or previous owners of the Project Area during the Term hereof. Contemporaneous with the termination of this Lease, Tenant shall immediately deliver to the District the following:

(i) An assignment of Tenant's interest as lessor in all Subleases, without representation or warranty, such assignment stating that the District shall not be obligated for any prior default of Tenant under said Subleases.

(ii) All books, records, advertising literature, construction plans, surveys, permits and other documents in Tenant's possession or control relating to and necessary or convenient for the operation of the Improvements.

(iii) Such documents, instruments and conveyances as the District may reasonably request to enable the District's ownership of the Improvements to be reflected of record, provided that the District shall pay all governmentally imposed taxes and fees in connection therewith, including, but not by way of limitation:

(A) A quitclaim deed in recordable form and/or bill of sale to the Improvements confirming the reversion of the Improvements to the District; and

(B) A bill of sale, without representation or warranty to the District of any personal property owned by Tenant within the Improvements.

(iv) Copies of all permits, licenses and other governmental authorizations; and if requested by the District, such permits, licenses and other governmental authorizations shall be assigned and transferred, without representation or warranty to the District, or its designees to the extent legally assignable.

All documents required to be delivered by Tenant to the District in this Section 8 shall be in form and substance reasonably satisfactory to the District. The failure of Tenant to do all required acts hereunder shall not affect the District's title to the Project Area, which shall become absolute upon termination of the Lease without necessity of any action by Tenant.

9. Subleases, Assignments and Financing.

(a) Subleases. Upon delivery by the Tenant to the District of written notice of Tenant's intention to enter into a Sublease, given at least five (5) days before any such subletting, Tenant may from time to time enter into Subleases with one or more Subtenants, without the District's consent, for such term of years and otherwise upon such terms and conditions as are acceptable to Tenant, including establishing the amount of rent the Subtenant will be required to pay to Tenant, the Subtenant's share of Common Area Charges and the right of any Subtenant under a Basic Sublease to enter into one or more Leasehold Mortgages, subject to this Section 9, provided that each Sublease shall contain provisions to the following effect:

(i) Each Sublease shall be expressly subject to the terms and conditions of this Lease;

(ii) No Sublease may extend beyond the Term; and

(iii) No Sublease shall relieve Tenant of its obligations hereunder to the District.

(b) Assignments. Subject to the provisions of any Leasehold Mortgage, Tenant may at any time during the Term Assign this Lease without the District's consent (i) to Howard University, any Affiliate of Howard University or to any Affiliate of Tenant, (ii) to any Leasehold Mortgagee, and (iii) to any other Person if Tenant satisfies the conditions of Section 16(c) hereof, except as otherwise provide in this Section 9(b), Tenant will not Assign this Lease without the District's approval. The District and Howard University intent for Howard University to Assign this Lease to National Capital Medical Center, a to be formed non-profit corporation, and the Assignment to National Capital Medical Center will not require the District's consent and is expected to occur before the Financial Closing.

(c) Tenant's Right to Obtain Financing. At any time and from time to time during the Term, Tenant shall have the sole responsibility for obtaining, and the right and privilege to obtain, and may retain all proceeds of, all financing (including, interim, permanent, capital improvements, and equity) for the NCMC Hospital Parcel, or any part thereof, and all refinancing of all or any part of such financing (interim, permanent, capital improvements, and equity), subject to the terms and conditions of this Section 9.

(d) Rights of Leasehold Mortgagee.

(i) Without limitation of the provisions of Section 9(b), Tenant may at any time and from time to time, without District's consent, mortgage, pledge, grant deed(s) of trust, or otherwise encumber the leasehold estate created hereby and all or any portion of the right, title, and interest of Tenant hereunder by a Leasehold Mortgage; provided that no Leasehold Mortgagee or other Person claiming by, through, or under any Leasehold Mortgage shall by virtue thereof acquire any greater right in the Project Area than Tenant then had under this Lease, except for the rights expressly granted to such Leasehold Mortgagee or other Person under the terms of this Lease or any other written agreement executed by District; and provided, further, that such Leasehold Mortgage shall at all times be and remain subject to all of the

conditions, covenants, and obligations of this Lease and to all of the rights of District hereunder. As to any such Leasehold Mortgage in favor of a Leasehold Mortgagee, District consents to provisions therein, at the option of Tenant, (A) for an assignment of Tenant's share of the net proceeds from any award or other compensation resulting from a total or partial taking as set forth in Section 24 of this Lease, (B) for an assignment of Tenant's right, if any, to terminate, cancel, modify, change, supplement, alter, or amend this Lease, (C) for an assignment of any sublease to which any such Leasehold Mortgage is subordinated, and (D) effective upon any default in any such Leasehold Mortgage, (1) for the foreclosure of the Leasehold Mortgage pursuant to a power of sale or by judicial proceedings or other lawful means and the subsequent sale of the leasehold estate to the purchaser at the foreclosure sale and a sale by such purchaser and/or a sale by any subsequent purchaser, (2) for the appointment of a receiver, irrespective of whether any Leasehold Mortgagee accelerates the maturity of all indebtedness secured by the Leasehold Mortgage, (3) for the rights of the Leasehold Mortgagee or the receiver to enter and take possession of the Project Area, to manage and operate the same, subject to the terms of any Sublease, to collect the subrentals, issues and profits therefrom, and to cure any default under the Leasehold Mortgage or any default by Tenant under this Lease, and (4) for an assignment of Tenant's right, title, and interest in and to the premiums for or dividends upon any insurance with respect to the Project Area, as well as Tenant's right, title and interest in all refunds or rebates of Impositions upon or other charges against the Project Area to which Tenant shall be entitled, whether paid or to be paid.

(ii) If at any time after the execution and recordation of any such Leasehold Mortgage, the Leasehold Mortgagee shall notify District in writing that any such Leasehold Mortgage has been given and executed by Tenant, and shall at the same time furnish District with the address to which it desires copies of notices to be mailed, District hereby agrees that it will thereafter mail to such Leasehold Mortgagee at the address so given, duplicate copies of any and all notices in writing which District may from time to time give or serve upon Tenant under and pursuant to the terms and provisions of this Lease.

(e) New Lease with Leasehold Mortgagee Upon Termination. If this Lease shall terminate for any reason before the Expiration Date and if District shall obtain possession of the Project Area thereafter, District agrees that any Leasehold Mortgagee may, for a period of ninety (90) days after notice of such termination of this Lease, elect to demand a new lease of the Project Area of the character and, when executed and delivered and possession of the Project Area is taken thereunder, having the effect hereinafter set forth. Such new lease shall be for a term to commence at such termination of this Lease and shall have as the date for the expiration thereof the same date stated in this Lease as the Expiration Date hereof. The rent under the new lease shall be at the same rate as would have been applicable during such term under the provisions of this Lease, had this Lease not so expired or terminated, and all the rents, covenants, conditions, and provisions of such new lease, including, the conditional limitations set forth in this Lease, shall be the same as the terms, conditions, and provisions of this Lease. If any such Leasehold Mortgagee shall elect to demand such new lease within such ninety (90) day period, such Leasehold Mortgagee shall give written notice to District of such election; and, thereupon, within thirty (30) days thereafter, such Leasehold Mortgagee shall, at the time of the execution and delivery of such new lease, pay to District all Additional Rent due to the District which would have become payable hereunder by Tenant to District to the date of the execution and

delivery of such new lease, had this Lease not terminated, and which remain unpaid at the time of the execution and delivery of such new lease, and shall have cured Tenant's failure to comply with any terms, provisions, or covenants of this Lease, other than the payment of Additional Rent, which are not personal to Tenant and which are reasonably capable of being cured; provided, that if any default by the Tenant shall require more than thirty (30) days to be cured, such thirty (30) day period shall be extended for such longer period as shall be reasonably necessary to cure such default, so long as the Leasehold Mortgagee has commenced to cure the same within such thirty (30) day period and thereafter diligently prosecutes the same until it is cured. Any such new lease as contemplated in this Section 9(e) may, at the option of the Leasehold Mortgagee, be executed by a nominee of such holder, without the Leasehold Mortgagee assuming the burdens and obligations of Tenant thereunder beyond the period of its ownership of the leasehold estate created hereby. In connection with the execution and delivery of any such new lease of the Project Area pursuant to this Section 9(e), District shall also convey to such Leasehold Mortgagee (or its nominee or designee), by special warranty deed, bill of sale and other appropriate conveyancing documents, all Improvements located on the NCMC Hospital Parcel.

(f) Liability of Leasehold Mortgagee. No Leasehold Mortgagee shall be or become liable to District as an assignee of this Lease or otherwise until it expressly assumes by written instrument such liability, and no assumption shall be inferred or result from foreclosure or other appropriate proceedings in the nature thereof or as the result of any other action or remedy provided for by any Leasehold Mortgage or other instrument executed in connection with such Leasehold Mortgage or from a conveyance from Tenant pursuant to which the purchaser at foreclosure or grantee shall acquire the rights and interests of Tenant under the terms of this Lease.

(g) FHA Financing. If this Lease is subject to a Leasehold Mortgage insured, reinsured, or held by the Federal Housing Commissioner, then (i) if required by such financing, Tenant shall comply with the requirements and conditions of such financing before assigning this Lease or making any Sublease, and (ii) in addition to all of the rights set forth above with respect to any Leasehold Mortgage, the provisions contained in Exhibit F shall apply. If any conflict or inconsistency shall exist between the provisions contained in this Lease and the provisions contained in Exhibit F, the provisions contained in Exhibit F shall prevail to the extent of such conflict or inconsistency.

(h) No Reduction in Obligations. No Sublease or Assignment shall affect or reduce any obligation of Tenant, or the District's rights under this Lease, nor shall any Assignment or Sublease impose any obligations on the District under this Lease.

(i) Recognition Agreements. The District agrees, for the benefit of each Leasehold Mortgagee and any Subtenant, that if this Lease shall terminate for any reason, other than as a result of a Taking, the District will attorn to and recognize the Subtenant under each Sublease and any transferee or assignee of any Subtenant's interest acquiring such interest through foreclosure, or by assignment of any Sublease in lieu of foreclosure, of a Leasehold Mortgage as the direct tenant of the District under such Sublease; provided, the Subtenant or transferee or assignee shall deliver to the District an instrument confirming the agreement of

such Subtenant or transferee or assignee to attorn to and recognize the District as such Subtenant's or transferee's or assignee's landlord for the remainder of the term of such Sublease and upon the same terms and conditions contained in such Sublease. Such attornment shall be effective and self-operative immediately upon the termination of this Lease, without the execution of any further instrument on the part of the District, the Subtenant or any Leasehold Mortgagee. Upon request of any Leasehold Mortgagee or Subtenant, the District will execute and deliver and Tenant will execute and deliver, and will cause the NCMC Hospital Leasehold Mortgagee to execute and deliver, a Recognition Agreement to that effect, including the MOB Recognition Agreement and the Research Center Recognition Agreement.

10. Estoppel Certificates. The District and Tenant shall, at any time and from time to time, within twenty (20) days after being requested to do so by the other party in writing, execute, acknowledge, address and deliver to the requesting party (or at the latter's request, to a current or prospective Leasehold Mortgagee, a Subtenant or any other Person with an interest in the Project Area, this Lease or any Sublease), a certificate in recordable form:

(a) Certifying: (i) that this Lease is unmodified and in full force and effect (or, if there has been any modification, that it is in full force and effect as so modified, stating therein the nature of such modification); (ii) the dates through which Additional Rent and other charges arising hereunder have been paid; (iii) the amount of any credit due to Tenant hereunder; (iv) as to whether, to the best of such party's knowledge, information and belief, the requesting party is then in default in performing any of its obligations under this Lease (and if so, specifically the nature of each such default); (v) as to any other fact or condition reasonably requested by the requesting party; and (vi) as to the Lease Commencement Date and the Expiration Date; and

(b) Acknowledging and agreeing that any statement made in such certificate may be relied upon by the requesting party and any such other addressee.

11. Conditions to Financial Closing.

(a) General. On or before the Financial Closing, but in no event later than January 1, 2010, the District and Tenant shall in good faith endeavor to deliver or cause to be delivered to the other party the items described in this Section 11.

(b) The District and Tenant. The District and Tenant shall each deliver or cause to be delivered to the other the following:

(i) this Lease duly approved by the Council of the District of Columbia and duly executed by the District and Tenant;

(ii) a memorandum of this Lease in recordable form and duly executed by the District and Tenant;

(iii) the Preliminary Plan prepared by or on behalf of Tenant and duly approved by the District (which approval shall not be unreasonably withheld or delayed), each Leasehold Mortgagee providing the NCMC Hospital Project Financing, the MOB Subtenant, the

Leasehold Mortgagee, if any, providing the financing for the MOB and any Governmental Authority whose approval is required as a matter of Applicable Law;

(iv) the Grant Agreement for the NCMC Hospital duly approved by the Council of the District of Columbia and duly executed by the District and Tenant;

(v) the Development Agreement duly executed by the District and Tenant;

(vi) the NCMC Hospital Project Escrow Agreement duly executed by the District, Tenant and each Leasehold Mortgagee providing the NCMC Hospital Project Financing;

(vii) the NCMC Hospital Recognition Agreement in recordable form and duly executed by the District, Tenant, and each Leasehold Mortgagee providing the NCMC Hospital Project Financing;

(viii) the MOB Recognition Agreement in recordable form and duly executed by the District, the MOB Subtenant, and each Leasehold Mortgagee providing the financing for the MOB;

(ix) a landscaping plan for the Project area in accordance with Section 7; and

(x) such other documents and agreements as the District and Tenant may require.

(c) Tenant's Deliveries. Tenant shall provide or cause to be provided to the District:

(i) evidence of debt and equity closings by Tenant in an aggregate amount not less than that required under the Grant Agreement;

(ii) a counterpart of the MOB Sublease duly executed by Tenant, as sublessor, and the MOB Subtenant, as sublessee;

(iii) a counterpart of a duly executed memorandum of Sublease in recordable form between Tenant and the MOB Subtenant;

(iv) a set of the Plans and Specifications for the construction of the NCMC Hospital duly approved by the District (which approval shall not be unreasonably withheld or delayed) and each Leasehold Mortgagee providing the NCMC Hospital Project Financing;

(v) the NCMC Hospital Project Budget prepared by or on behalf of Tenant and duly approved by the District (which approval shall not be unreasonably withheld or delayed); and

(vi) true and correct copies of all payment and performance bonds or insurance certificates regarding the construction of the NCMC Hospital in each case reasonably acceptable to the District and approved by each Leasehold Mortgagee providing the NCMC Hospital Project Financing.

(d) The District's Deliveries. The District shall provide to Tenant:

(i) evidence satisfactory to Tenant and each Leasehold Mortgagee providing the NCMC Hospital Project Financing, that the District has appropriated its share of the NCMC Hospital Project Costs, such appropriation is not subject to appeal and such amount has been deposited into escrow under the Grant Agreement or other arrangements satisfactory to the NCMC Hospital Leasehold Mortgagee have been made to evidence the agreement to pay such amount;

(ii) evidence satisfactory to Tenant and each Leasehold Mortgagee providing the NCMC Hospital Project Financing, that the District has adopted legislation exempting the Improvements from the District's Certificate of Need process and such legislation is not subject to appeal;

(iii) GSA's written approval in form and content acceptable to Tenant, each Subtenant and each Leasehold Mortgagee of the transactions contemplated hereunder, under the Grant Agreement and under the Development Agreement, under the MOB Sublease and under the Research Center Sublease;

(iv) evidence satisfactory to Tenant and each Leasehold Mortgagee providing the NCMC Hospital Project Financing that (A) the District has satisfied the requirements of Paragraph 3 of the Transfer Letter and construction of the Initial Improvement may proceed without further consent or approval, (B) the leasehold tenancy of the Federal Court Services and Offender Supervision Agency has been terminated, (C) the Federal Aviation Administration has determined that the use of the Project Area will not result in hazard to air navigation, and (D) any other approval of any Governmental Authority required by the Transfer Letter shall have been obtained to Tenant's satisfaction; and

(v) evidence satisfactory to Tenant and each Leasehold Mortgagee providing the NCMC Hospital Project Financing that the District has received all necessary approvals to enter into this Lease and each of the other documents and instruments to which the District is a party from all applicable Governmental Authorities and such approvals are not subject to appeal.

(e) If the District and Tenant are unable to satisfy the required conditions in this Section 11 on or before the Financial Closing but in no event later than January 1, 2010, (i) either party may terminate this Lease upon notice to the other party, and (ii) if either party exercises its right to terminate this Lease, such termination will be at no cost and without attribution of fault to either party, and neither party shall have any further liability to the other.

12. Liens by the District. Without Tenant's prior written consent, which it may grant or withhold in its sole discretion, the District may not mortgage, encumber or otherwise place a

Lien on, or permit a Lien to be placed on, the Project Area, or the District's right, title or interest in or to the Project Area, in whole or in part, during the Term of this Lease.

13. Quiet Enjoyment. The District covenants and warrants that Tenant, subject to the terms and provisions of this Lease, shall lawfully and quietly hold, occupy and enjoy the Project Area during the Term of this Lease, without hindrance or molestation by or from anyone. The District represents and warrants to Tenant that it has the right, power and authority to enter into and execute this Lease and that no further consents or authorizations, other than as set forth in Resolution _____ adopted by the Council of the District of Columbia on _____, 2006 and effective on _____, 2006 (attached hereto and incorporated herein as **Exhibit C**) and a certain letter from the United States General Services Administration consenting to this Lease dated _____ (attached hereto and incorporated herein as **Exhibit D**), are required for this Lease to be valid, binding and effective as to the District.

14. Ownership of Improvements.

(a) Ownership. Subject to the District's reversionary interest, title to all of the Improvements on a particular Parcel whether now existing or hereafter constructed are and shall, during the Term of this Lease, remain vested in Tenant for the NCMC Hospital Parcel and the respective Subtenant under a Basic Sublease for each of the other Parcels, and Tenant's and each Subtenant's rights and powers with respect to the Improvements on its Parcel are subject to the terms and limitations of this Lease. Tenant may, at its sole cost and expense, at any time during the Term of this Lease make any Alterations to the Improvements on the NCMC Hospital Parcel and may permit Subtenants to make any Alterations to Improvements on any other Parcel, without the District's consent; provided such Alterations are in accordance with this Lease, the Preliminary Plan and Applicable Laws. Subject to rights set forth in Section 9 and the provisions of any Recognition Agreement, upon termination of this Lease, whether by natural expiration or otherwise, the District's reversionary interest will be a present interest and the Project Area shall automatically vest in the District, without any further compensation therefor other than the original consideration for this Lease, from the District to the Tenant or any other person, firm or entity and without the necessity of any further action being taken by the District or Tenant.

(b) Abandonment. Any personal property of Tenant which shall remain on the Project Area after expiration of the Term of this Lease may, at the option of the District, be deemed to have been abandoned and may be retained by the District as its property or be disposed of without accountability, in such manner as the District may see fit, and if the cost of any such removal exceeds any proceeds from the sale thereof, such costs shall be paid by Tenant to the District.

15. Construction of Improvements.

(a) The District's Obligations. On or before the Lease Commencement Date, the District will commence and complete each of the matters on its part to commence and complete in accordance with the Development Agreement.

(b) Tenant's Obligations. Tenant agrees that upon delivery to it of possession to the NCMC Hospital Parcel and satisfaction of the District's obligations under Section 15(a), it will promptly commence or require to be commenced and proceed diligently to complete or require to be completed construction of the NCMC Hospital on the NCMC Hospital Parcel, all in substantial accordance with the Preliminary Plan, the Development Agreement and Applicable Laws.

(c) Cooperation Generally. The District and Tenant shall cooperate and use their best efforts to cause any street mapping and demapping as may be required by Tenant for satisfactory development and completion of the Improvements.

(d) Dedication of Certain Facilities. The District and Tenant agree that if Tenant constructs any of the Civic Facilities, then promptly following the completion and dedication to public use from time to time of such Civic Facilities, such areas shall be deemed excluded from the demise hereunder upon acceptance thereof by the District. The parties agree to execute and deliver such documents as may be necessary or appropriate to so terminate the demise hereunder.

(e) Cooperation of the District. The District agrees, within ten (10) business days after receipt of any written request from the Tenant or any Subtenant under a Basic Sublease, to join in any and all applications for zoning or site plan approval, permits, licenses, or other authorizations in which the District is required to join in its capacity as lessor of the Project Area by any Governmental Authority in connection with any work which Tenant or any Subtenant under a Basic Sublease may do hereunder or in connection with the right to demolish any existing Improvements and construct new Improvements on the Project Area, and to otherwise cooperate with Tenant and each Subtenant under a Basic Sublease in Tenant's and such Subtenant's efforts to obtain such zoning or site plan approval, permits, licenses and other authorizations, provided that none of the foregoing shall expose the District to any risk of liability of any kind which is not insured against by the insurance obtained by Tenant in accordance with Section 18 hereof; provided, however, that all reasonable costs and expenses incurred by the District in connection therewith, except professional fees for the review thereof, shall be paid by Tenant or the Subtenant making such request. Subject to the foregoing, such documents shall include, but are not limited to, all documents necessary to file and obtain approval of any plats which may be required by the District or any other Governmental Authority and any and all documents necessary for site plan approval and other approvals or applications necessary for the demolition of any existing improvements, development of the Project Area and construction of the Improvements. Subject to the foregoing, the District, in its capacity as landlord, shall likewise join in any grant of easement for electric, telephone, gas, water, sewer and other public utilities and facilities and for other facilities useful or necessary to any permitted use of the Project Area (including the construction thereof), including, but not limited to, occupancy permits. If (a) the District shall not have joined in any such document described above within ten (10) business days after actual receipt of a written request from Tenant by the District, and (b) the District shall not have notified Tenant during such ten (10) business day period that the item presented to the District for execution does not meet the criteria set forth in this Section 15(f), Tenant shall have the right to execute such document in the name

of the District as Lessor, and, for that purpose, the District hereby irrevocably appoints Tenant as attorney-in-fact to execute such document on behalf of the District.

16. Right of First Refusal.

(a) Tenant's Right of First Refusal. The District shall not at any time during the Term sell, assign or convey or agree to sell, assign or convey its interest in the Project Area without first having complied with the requirements of this Section 16; provided, however, the District may (i) assign this Lease to any agency or instrumentality of the District subject to the terms of this Lease, and (ii) assign this Lease to any other Person if the District shall first provide Tenant with a Right of First Refusal Notice, which shall contain all of the Third Party Terms, together with a statement by the District to the effect that it desires to accept such offer and to transfer and convey its interest in the Project Area subject to this Lease, in accordance therewith. Tenant shall have the first right to purchase all of the District's right, title and interest in the Project Area, upon the Third Party Terms, except that in no event shall the date for closing on Tenant's purchase of the District's interest in the Project Area, be sooner than the one-hundred twentieth (120th) day from the date of Tenant's receipt of such Right of First Refusal Notice from the District. Tenant shall have ninety (90) days from the date of receipt of such Right of First Refusal Notice from the District to notify the District in writing that it intends to exercise this option to purchase the offered interest upon the Third Party Terms contained in the First Refusal Notice, except with respect to the closing date, as provided in the immediately preceding sentence. If Tenant elects, within the ninety (90) day period, to purchase such interest by written notice to the District, the District shall sell the interest to Tenant free and clear of any Liens and subject only to the Permitted Encumbrances and Tenant shall purchase the same. Tenant's notice of election shall be accompanied by a payment in the amount, if any, specified as a down payment in the bona fide offer received from the third party and, therefore, in the bona fide offer to purchase as communicated to Tenant. The closing of such purchase shall occur at the time and at a mutually acceptable location in the District of Columbia (except as hereinabove provided in this Section 16(a)), and each party shall deliver such documents and take such actions in connection with the closing as is required by the terms of the offer.

(b) Tenant's Failure to Exercise. If Tenant shall fail to give notice of its election to purchase the offered interest (i) within the time required by Section 16(a) and (ii) accompanied by payment pursuant to this Section 16(a), the District thereafter may, without any additional notice to Tenant, sell and convey the District's interest to the third party who made the bona fide offer upon those terms and conditions set forth in such offer without prejudice to the District's right to damages against Tenant if Tenant gave notice of election to purchase but failed to carry out its obligations pursuant thereto. Any purchaser or third party may rely upon an affidavit of an officer of Tenant as to the acceptance or rejection of such offer by Tenant, and Tenant agrees to furnish such affidavit promptly after request for same by the District. In the event that the District desires to sell and convey the District's interest to the third party who made the bona fide offer upon terms and conditions which are in any manner different from the Third Party Terms set forth in the Right of First Refusal Notice, or in the event that after closing on the sale of the District's interest to the third party, such third party or any future party constituting the District desires to convey the District's interest in the Project Area, then, in each instance, the District shall again comply with the Right of First Refusal requirements of this Section 16.

(c) District's Right of First Refusal. If Tenant shall elect to assign, sell, or transfer its leasehold estate in its entirety to any Person that is not an Affiliate of Howard University, Tenant shall provide the District with a Right of First Refusal Notice, which shall contain all of the Third Party Terms, together with a statement by Tenant to the effect that it desires to accept such offer and to assign its leasehold interest in the Project Area in accordance therewith. The District shall have the first right to purchase Tenant's leasehold interest in the Project Area, upon the Third Party Terms, including the satisfaction of the conditions and requirements of any Leasehold Mortgage, except in no event shall the date for closing on the District's purchase of Tenant's interest in the Project Area, be sooner than the one-hundred twentieth (120th) day from the date of the District's receipt of such Right of First Refusal Notice from Tenant. The District shall have ninety (90) days from the date of receipt of such Right of First Refusal Notice from Tenant to notify Tenant and any Leasehold Mortgagee in writing that it intends to exercise this option to purchase the offered interest upon the Third Party Terms contained in the First Refusal Notice, except with respect to the closing date, as provided in the immediately preceding sentence. If the District elects, within the ninety (90) day period, to purchase such interest by written notice to Tenant and any Leasehold Mortgagee, Tenant shall sell the interest to the District subject to the Liens of any Leasehold Mortgage and subject to the Permitted Encumbrances and the District shall purchase the same. The District's notice of election shall be accompanied by a payment in the amount, if any, specified as a down payment in the bona fide offer received from the third party and, therefore, in the bona fide offer to purchase as communicated to the District. The closing of such purchase shall occur at the time and at a mutually acceptable location in the District of Columbia (except as hereinabove provided in this Section 16(c)), and each party shall deliver such documents and take such actions in connection with the closing as is required by the terms of the offer.

(d) District's Failure to Exercise. If the District shall fail to give notice of its election to purchase the offered interest (i) within the time required by Section 16(c) and (ii) accompanied by payment pursuant to Section 16(c), Tenant thereafter may, without any additional notice to the District, sell, assign and convey Tenant's interest to the third party who made the bona fide offer upon those terms and conditions set forth in such offer without prejudice to Tenant's right to damages against the District if the District gave notice of election to purchase but failed to carry out its obligations pursuant thereto. Any purchaser or third party may rely upon an affidavit of a duly elected official of the District as to the acceptance or rejection of such offer by the District, and the District agrees to furnish such affidavit promptly after request for same by Tenant. If Tenant desires to sell and convey Tenant's interest to the third party who made the bona fide offer upon terms and conditions which are in any manner materially different from the Third Party Terms set forth in the Right of First Refusal Notice, or if that after closing on the sale of Tenant's interest to the third party, such third party or any future party constituting Tenant desires to assign Tenant's interest in the Project Area, then, in each instance, Tenant shall again comply with the Right of First Refusal requirements of this Section 16(c).

17. Environmental Provisions.

(a) District's Representations. The District hereby represents and warrants that on the date hereof, to its knowledge, the Project Area (i)complies with all Environmental

Laws, (ii) no Release of Hazardous Substances has occurred on, from or affecting the Project Area in violation of the Environmental Laws, and (iii) no Hazardous Substances have been generated, handled, treated, stored on, incorporated in, or removed or transported from the Project Area (including underground contamination) except in compliance with applicable Environmental Laws. No notices, complaints or orders of violation or non-compliance of any nature whatsoever regarding alleged violations of, or strict liability under, any Environmental Laws have been received by Tenant or, to Tenant's knowledge, by any Person regarding the Project Area, and Tenant has no knowledge that any environmental investigation by any Governmental Authority.

(b) District's Remediation Obligation. If any Pre-Existing Environmental Condition shall exist in violation of any Environmental Law, the District shall promptly perform all remedial actions as are necessary to clean up, contain, or remove any Pre-Existing Environmental Condition on, under or in the Project Area or any Improvements existing on the date hereof in accordance with, and as required by, applicable Environmental Laws, all at the District's sole cost and expense, including, all investigative, monitoring, removal, containment and remedial actions in accordance with applicable Environmental Laws. The District shall complete all such actions on or before the date on which Tenant closes on the NCMC Hospital Project Financing.

(c) Tenant's Right to Remediate. If the District fails to perform the necessary remedial actions as required hereby within the time period set forth in Section 17(b), Tenant may, but shall not be obligated to, cause the Project Area to be freed from Pre-Existing Environmental Conditions or otherwise brought into compliance with Environmental Laws and any fees and expenses actually incurred by the Tenant shall be immediately due and payable on demand by the District. If, as a result of a any Pre-Existing Environmental Condition, a Lien attaches to the Project Area the District shall promptly, and in any event within thirty (30) days after notice of the attachment of any such Lien, discharge such Lien.

(d) Environmental Insurance. If the District carries any environmental insurance, the District shall cause Tenant and any Leasehold Mortgagee to be listed as an additional insured thereon with respect to any Pre-Existing Environmental Conditions only, and shall furnish Tenant with a certificate of insurance as to each such policy then in force on which Tenant is listed as an additional insured.

(e) Compliance; Use of Hazardous Substances. At all times, Tenant, at its sole cost and expense, shall comply with, and use diligent efforts to cause each Subtenant to comply with all Environmental Laws applicable to the use and operation of the Project Area. Tenant shall not cause or knowingly permit any Hazardous Substances to be brought on, kept, or used in or about the Project Area, except in compliance with all Environmental Laws.

(f) Tenant's Indemnification. Tenant hereby indemnifies and agrees to defend and hold harmless the District (including, its respective employees, agents, representatives and affiliates) from and against any and all Environmental Damages (other than consequential damages), including, any such Environmental Damages arising out of the construction of any Improvements on the NCMC Hospital Parcel and it shall cause each

Subtenant under a Basic Sublease to provide a similar indemnity for any Environmental Damages arising out of construction of any Improvements on such Subtenant's Parcel. Notwithstanding any of the foregoing to the contrary, neither Tenant, nor any Subtenant shall be required to indemnify the District with respect to any Pre-Existing Environmental Condition or any Environmental Condition or the Release of any Hazardous Substances on or from the Project Area that is caused by the act or omission of the District or any of its employees, agents or contractors.

(g) The District's Remedies. If Tenant does not diligently commence to remediate or cause to be commenced to be remediated any applicable Environmental Conditions (other than with respect to Pre-Existing Environmental Conditions or Environmental Conditions caused by the acts of the District or any of its employees, agents or contractors) promptly after becoming aware of the same and thereafter diligently pursue the completion thereof within thirty (30) days after becoming aware of the same (or, if such condition is not reasonably capable of being cured within such thirty (30) day period, then such longer period as may be required utilizing due diligence), the District may enter onto the portion of the Project Area on which such Environmental Condition exists or take such actions as are reasonably necessary or advisable and practicable to clean up, remove, resolve, minimize the impact of or otherwise deal with any Hazardous Substances, Release, or threatened release upon its obtaining knowledge of such matters independently or by receipt of any notice from any person and to collect the cost of same from the Tenant.

(h) Survival. The provisions of this Section 17 shall survive the expiration or earlier termination of this Lease.

18. Insurance. Tenant shall keep the Improvements erected on the NCMC Hospital Parcel insured for the mutual benefit of the District and Tenant as set forth in this Section 18 and shall cause each Subtenant under a Basic Sublease to keep the Improvements erected on such Subtenant's Parcel insured for the mutual benefit of the District and such Subtenant.

(a) Comprehensive General Liability Coverage. At all times during the Term of this Lease, Tenant shall maintain, at their respective cost and expense, policies of contractual and comprehensive general liability insurance, including public liability and broad form property damage, with a minimum combined single limit of liability of \$5,000,000, for personal injuries or deaths of persons occurring in or about the Project Area and Tenant shall require in each Sublease that the Subtenant under such Sublease maintain similar coverage for personal injuries or deaths of persons occurring in or about the Parcel which is the subject of such Sublease. The District shall be named as an additional insured on all such policies. Every five years after the Lease Commencement Date of this Lease, Tenant shall deliver to the District a report from Tenant's insurance expert advising what increase in the minimum liability insurance coverage, if any, is necessary, and this report shall be reviewed by the District's insurance expert. If the respective insurance experts are in agreement, the minimum liability insurance coverage shall be adjusted in accordance with their agreement. If they disagree, they shall select a third insurance expert who shall decide on the required amount of minimum liability insurance. The report of the Tenant's expert shall be delivered to the District within sixty (60) days after the expiration of each five (5) year term of this lease. The minimum liability insurance coverage shall be adjusted

by the Tenant and each Subtenant within thirty (30) days of Tenant's receipt of the adjusted minimum liability insurance coverage as determined by the appropriate liability insurance expert.

(b) Fire and Casualty Insurance. At all times during the Term of this Lease, Tenant shall maintain, at its cost and expense, broad form all-risk casualty insurance (with appropriate endorsements for risks or perils ordinarily included in a lessor's policy) insuring the Improvements on the NCMC Hospital Parcel and shall require in each Basic Sublease that each Subtenant maintain the Improvements on its Parcel in an amount equal to the full replacement value thereof (exclusive of excavations, footings and foundations), and in any event in an amount sufficient to avoid co-insurance. The District shall be named as an additional insured in all such policies; provided, however, such policies may also provide for any loss thereunder to be payable to any Leasehold Mortgagee whose Leasehold Mortgage constitutes a Lien on the Improvements on such Parcel insured by such policies, as the respective interests of such holders may appear, in accordance with a standard mortgagee clause or endorsement. The loss, if any, under such policies shall be adjusted with the insurance companies by Tenant for a loss on the NCMC Hospital Parcel and by the respective Subtenant for a loss on any other Parcel, except that if the respective Leasehold Mortgagee shall require that it participate in, or approve of, such adjustment then no adjustment shall be made with the insurance companies without the participation or prior approval of such Leasehold Mortgagee. The policies shall permit the insurance proceeds collected upon all such policies of insurance to be used to Restore the Improvements on the NCMC Hospital Parcel or such Subtenant's Parcel, as the case may be, so damaged or destroyed.

(c) Certificates of Insurance. As of the Lease Commencement Date, and on each anniversary of the Lease Commencement Date during the term of this Lease, Tenant and each Subtenant shall provide the District with a certificate of insurance for each policy required under this Lease or under any Basic Sublease showing that the coverages required hereunder are in force with premiums paid and that such policies are noncancellable and may not be materially modified except upon thirty (30) days prior notice to the District (or, if such thirty (30) day period of notice is not obtainable on a commercially reasonable basis, upon such notice as is commercially reasonable).

(d) Tenant's Release. Tenant and each Subtenant hereby release the District from any and all liability and responsibility to anyone claiming any loss or damage to property arising from a risk insured against under the insurance required to be carried by Tenant and each Subtenant. To the extent obtainable, Tenant's and each Subtenant's insurance policies shall include appropriate clauses waiving all rights of subrogation against the District to Tenant or such Subtenant, with respect to losses payable under such policies.

(e) Use of Proceeds. Any Casualty Insurance Proceeds paid under any insurance policy of the character described in Section 18(b) shall be used to pay for the cost to Restore the Improvements so damaged or destroyed, except that if this Lease is subject to a Leasehold Mortgage insured, reinsured or held by the Federal Housing Commissioner or the premises leased under this Lease are given to the Federal Housing Commissioner in connection with a resale or the premises leased under this Lease are acquired and held by the Federal Housing Commissioner because of a default under the Leasehold Mortgage, then the application

of the Casualty Insurance Proceeds resulting from a Casualty to the Improvements on the NCMC Hospital Parcel shall be subject to a finding by the Federal Housing Commissioner that such application is feasible or subject to such other FHA rules as may be applicable with respect to the application of Casualty Insurance Proceeds, it being expressly understood that the Lien of the NCMC Hospital Leasehold Mortgage shall not extend to any Casualty Insurance Proceeds resulting from a Casualty to Improvements that are not located on the NCMC Hospital Parcel.

(f) Blanket Insurance. Nothing in this Section 18 shall prevent Tenant from taking out insurance of the kind and in the amounts provided for under Sections 18(a) and 18(b) under a blanket insurance policy or policies which can cover other Improvements on the NCMC Hospital Parcel.

19. Event of Casualty.

(a) Restoration. Subject to the provisions of Section 18(e), if a Casualty occurs, Tenant if such Casualty relates to the NCMC Hospital Parcel and each Subtenant under a Basic Sublease if the Casualty relates to another Parcel will, at their sole cost and expense Restore the Improvements on the respective Parcels that have been damaged as nearly as practicable to the condition, quality and class they were in immediately before such Casualty, or with such Alterations as the Tenant and such Subtenant shall elect to make in conformity with the provisions of Section 15 hereof. Such Restoration shall be commenced promptly and prosecuted with reasonable diligence.

(b) No Termination of Lease. This Lease shall not terminate by reason of a Casualty, total or partial, to any Improvements or by reason of the subsequent unsuitability, in whole or in part, of any Improvements, and Tenant waives any and all rights under any Applicable Laws to quit or surrender the Project Area or any part thereof as a result of a Casualty.

20. Events of Default, Remedies.

(a) Any one or more of the following occurrences or acts shall constitute an Event of Default under this Lease:

(i) If Tenant shall fail to pay any Additional Rent and such failure continues for thirty (30) days after notice thereof to Tenant.

(ii) If Tenant fails to perform or comply with any of the other terms, covenants or conditions contained in this Lease and such failure continues for a period of ninety (90) days after written notice thereof to (A) Tenant, (B) the Subtenant (the breach or non-performance under whose Sublease has given rise to such default), (C) the Leasehold Mortgagee of such Sublease and (D) the NCMC Hospital Leasehold Mortgagee, and Tenant, such Subtenant, such Leasehold Mortgagee or the NCMC Leasehold Mortgagee has failed to cure such default within such ninety (90) day period; provided, however, that in the case of a default which Tenant, such Subtenant, such Leasehold Mortgagee or the NCMC Hospital Leasehold Mortgagee is able to remedy with reasonable diligence, but not with a period of ninety (90) days, if Tenant, such Subtenant, such Leasehold Mortgagee or the NCMC Hospital Leasehold

Mortgagee commences within such ninety (90) day period to remedy the default and thereafter prosecutes the remedying of such default with reasonable diligence, Tenant shall have such additional period of time as is reasonably necessary to cure so long as it is pursuing the cure diligently.

(iii) If Tenant files a petition of bankruptcy or for reorganization or for an arrangement pursuant to the Bankruptcy Code, or is adjudicated a bankrupt or becomes insolvent or makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due, or is dissolved, or suspends payment of its obligations, or takes any corporate action in furtherance of any of the foregoing.

(iv) If a petition or answer is filed proposing the adjudication of Tenant as a bankrupt, or its reorganization pursuant to the Bankruptcy Code, and (A) Tenant consents to the filing thereof, or (B) such petition or answer is not discharged or denied within thirty (30) days after the filing thereof.

(v) If a receiver, trustee or liquidator (or other similar official) is appointed for or takes possession or charge of Tenant, or Tenant's estate or interest in the Project Area, and is not discharged within thirty (30) days thereafter, or if Tenant consents to or acquiesces in such appointment.

(vi) If Tenant abandons the Project Area for more than ninety (90) days other than as a result of a Force Majeure event.

(vii) If at any time before the Financial Closing an event of default exists under the Grant Agreement or the Development Agreement, which has not been cured or waived by the District, it being expressly understood that if an event of default exists under the Grant Agreement or the Development Agreement at any time on or after the Financial Closing, it shall not constitute an Event of Default hereunder.

(b) District's Sole Remedies. If an Event of Default exists, then the District may exercise whatever rights and remedies are available at law or in equity; provided, however, if the District is entitled to terminate this Lease following an Event of Default and the exercise of its remedies, it will not terminate this Lease until forty-five (45) days after it gives written notice to Tenant, each Subtenant under a Basic Sublease and each Leasehold Mortgagee of its intention to terminate this Lease.

(c) No Waiver of Default. No default of this Lease by Tenant, either prior to or subsequent to the filing of a bankruptcy or insolvency petition, shall be deemed to have been waived unless expressly done so in writing by the District.

(d) Reasonableness. If this Lease requires the District to be reasonable in giving any prior written consent or approval of an action by Tenant, the District nevertheless shall not be required to be reasonable in approving the action of Tenant if Tenant took the action without first seeking the District's prior written consent pursuant to this Lease. The District shall have no obligation to refund to Tenant or to credit to Tenant against any other amounts or installments coming due to District hereunder any amount otherwise owed or creditable by the

District to Tenant pursuant to the terms of this Lease if an Event of Default has occurred and has continued beyond the applicable cure period. The provisions of this section shall apply notwithstanding anything to the contrary in this Lease.

21. Legal Fees and Costs. In addition to the foregoing, if after default, a debt collector or an attorney (including any attorney of the Office of the Attorney General of the District) is employed or directed to collect or enforce the monetary or other obligations evidenced by this Lease or to assist either the District or the Tenant in connection with its exercise of any right, power, privilege, or remedy referred to herein, the parties hereby agree that the losing party shall pay promptly all costs incurred by the prevailing party with respect to collection or enforcement including reasonable attorney's fees and court costs.

22. Signs. Tenant shall not place or permit to be placed, any sign or signboards on the exterior or interior of the Improvements unless they are in conformity with all Applicable Laws. The cost for all signs shall be borne by the Tenant.

23. Holding Over. In the event the Tenant occupies the Project Area after the Expiration Date of this Lease with the consent of the District, express or implied, such possession shall be considered to be a tenancy from month to month, terminable on 30 days advance written notice by either party. The Tenant shall continue to pay all charges as provided in this Lease, and shall be bound by all of the other terms and conditions of this Lease as if it was still in full force and effect.

24. Condemnation.

(a) Total Taking. If at any time during the Term, a Total Taking of a Parcel occurs, this Lease shall terminate on the date of the Total Taking with respect to such Parcel. The parties agree to look solely to the Condemnation Proceeds for compensation in the proportions hereinafter provided for their respective interest in the Parcel so taken. The Net Condemnation Proceeds payable with respect to such Total Taking shall be paid or delivered to the Condemnation Trustee. The Condemnation Trustee shall be selected by mutual agreement between the District, Tenant if the Taking relates to the NCMC Hospital Parcel or if the Taking relates to any other part of the Project Area, the Subtenant under the Basic Sublease for the Parcel so taken, and the senior Leasehold Mortgagee, if any, holding a Lien on the Parcel so taken. If the Total Taking shall involve more than one Parcel, then the Condemnation Trustee shall be selected by the NCMC Hospital Leasehold Mortgagee if the NCMC Hospital Parcel shall have been one of the Parcels that is the subject of the Total Taking or if the NCMC Hospital Parcel shall not have been one of the Parcels so taken then by the Leasehold Mortgagee holding a Lien securing the greatest amount of debt on the other Parcels so taken. Said Condemnation Proceeds shall be divided between the parties as follows, in the following order of priority:

(i) First, the NCMC Leasehold Mortgagee if the NCMC Hospital Parcel shall have been taken and each other Leasehold Mortgagee whose Leasehold Mortgage constitutes a Lien on the Parcel or Parcels so taken shall be entitled to receive and the District and Tenant hereby assign such portion of the Condemnation Proceeds, as shall equal the unpaid

principal balance and accrued interest on and all other sums owing under each Leasehold Mortgage in the order of priority of such Leasehold Mortgages.

(ii) Second, if the Taking relates to the NCMC Hospital Parcel, Tenant shall receive an amount equal to the Fair Market Value of its interest in the NCMC Hospital Parcel so taken minus the amount paid to any Leasehold Mortgagee(s) pursuant to Section 24(a)(i). If the Taking relates to another Parcel, the Subtenant under the Basic Sublease for the Parcel so taken shall receive an amount equal to the Fair Market Value of its interest in the Parcel so taken minus the amount paid to any Leasehold Mortgagee pursuant to Section 24(a)(i).

(iii) Third, the District shall receive an amount equal to the Fair Market Value of its reversionary interest in the Project Area so taken.

(iv) Last, the District and Tenant if the NCMC Hospital Parcel shall have been taken and any Subtenant under a Basic Sublease for any other Parcel that shall have been taken shall share the amount of any residual Condemnation Proceeds pro rata in proportion to the amount paid to the District pursuant to Section 24(a)(iii) and the amount paid pursuant to Sections 24(a)(i) and (ii).

(b) Partial Taking. If a Partial Taking occurs, this Lease shall not terminate or be affected in any way, except as provided in this Section 24(b). This Lease shall remain in full force and effect as to the remaining portion of the Project Area. If a Partial Taking occurs that involves the NCMC Hospital Property, Tenant will, at its sole cost and expense, Restore the Improvements as nearly as practicable to the condition, quality and class they were in immediately before such Partial Taking, or with such Alterations as the Tenant shall elect to make in conformity with the provisions of Section 15 hereof. Such Restoration shall be commenced promptly and prosecuted with reasonable diligence. Net Condemnation Proceeds following a Partial Condemnation of the NCMC Hospital Property shall be delivered to the Condemnation Trustee who shall be selected in accordance with Section 24(a) and the Net Condemnation Proceeds shall first be made available by the Condemnation Trustee to pay the costs to Restore the NCMC Hospital Property so taken, except if this Lease is subject to a Leasehold Mortgage insured, reinsured or held by the Federal Housing Commissioner or the premises leased under this Lease are given to the Federal Housing Commissioner in connection with a resale or the premises leased under this Lease are acquired and held by the Federal Housing Commissioner because of a default under such Leasehold Mortgage, then the application of the Condemnation Proceeds shall be subject to a finding by the Federal Housing Commissioner, that such application is feasible or subject to such other FHA rules as may be applicable with respect to the application of Condemnation Proceeds. Following Restoration, the Condemnation Trustee shall distribute any excess Net Condemnation Proceeds resulting from a Partial Taking of the NCMC Hospital Property first to the NCMC Hospital Leasehold Mortgagee in the order of priority of the Liens held by the NCMC Hospital Mortgagee to the extent required by the NCMC Hospital Leasehold Mortgage and then to Tenant. If the Partial Taking involves a Parcel other than the NCMC Hospital Property, the Lien of the NCMC Hospital Leasehold Mortgage shall not extend to such Condemnation Proceeds, neither Tenant nor the NCMC Hospital Leasehold Mortgagee shall be entitled to receive any portion of the Condemnation

Proceeds and all of the Condemnation Proceeds shall be applied in accordance with the terms of the Basic Sublease for the Parcel which is subject of such Partial Taking.

(c) Temporary Taking. If a temporary Total Taking or temporary Partial Taking occurs that involves the NCMC Hospital Property, Tenant shall give prompt notice thereof to the District. The Term of this Lease shall not be reduced or affected in any way by such temporary taking, and Tenant shall continue to be bound by all of the terms of this Lease, and, if the taking is for a period not extending beyond the Term of this Lease, and if such taking results in changes, Alterations, or damage to the NCMC Property, Tenant shall, at its sole cost and expense, Restore the NCMC Hospital Property to its former condition in accordance with the provisions of Section 19(a) hereof. Tenant may receive all Condemnation Proceeds paid for such temporary Total or temporary Partial Taking; provided, however, that:

(i) If the Taking is for a period not extending beyond the Term of this Lease, and if such award or payment is made either in a lump sum or on a monthly or quarterly basis, it will be paid to the Condemnation Trustee. In such event, the lump sum will be held as a fund to be applied to Restore the NCMC Hospital Property to its former condition. Upon termination of the temporary Taking, any remaining balance will be paid over to Tenant.

(ii) If the Taking is for a period extending beyond the Term and is in a lump sum, then a portion of the award sufficient to restore the NCMC Hospital Property so taken to its former condition will be paid over to the District. The balance of the award shall be apportioned between the District and Tenant corresponding to the length of the period of the Taking before the Termination of this Lease and the period of the Taking after the date of expiration of this Lease. Tenant shall be excused from any obligation to Restore the NCMC Hospital Property so taken upon the expiration of such temporary taking or the termination of this Lease.

If the award or payment is made on a monthly or quarterly basis, the amount of the award necessary to Restore the NCMC Hospital Property so taken to its former condition will be determined and an appropriate amount deducted from each payment necessary to accumulate sufficient funds to provide for the Restoration of the NCMC Hospital Property so taken to its former condition at the end of the Taking. Tenant may receive at the closing of each year during such Taking any surplus remaining of the Condemnation Proceeds after making provision for the monies needed to Restore the NCMC Hospital Property so taken and all other payments required pursuant to subsections (a) and (b) of this section. Notwithstanding anything to the contrary herein contained, if the temporary Total Taking or temporary Partial Taking involves a Parcel other than the NCMC Hospital Property, the Lien of the NCMC Hospital Leasehold Mortgage shall not extend to such Condemnation Proceeds, neither Tenant nor the NCMC Hospital Leasehold Mortgagee shall be entitled to receive any portion of the Condemnation Proceeds and all of the Condemnation Proceeds shall be applied in accordance with the terms of the Sublease of the Parcel which is the subject of the temporary Total Taking or temporary Partial Taking.

(d) Determination of Fair Market Value. Whenever in this Section 24 the term "fair market value" is required to be employed in a determination of the division of total Condemnation Proceeds, such term shall mean and refer to (i) the fair market value of the

Improvements and that of the Parcel or Parcels so taken as allocated by the condemner, or (ii) if the condemner does not so allocate the condemnation award between the Improvements and the Parcel or Parcels so taken, such allocation shall be made by agreement of the District and Tenant with respect to the NCMC Hospital Property, and by the respective Subtenant and the District for any other Parcel so taken, within fifteen (15) days following notice of the determination of the award by the condemner.

(e) Nonconsequential Taking. The District shall be entitled to any award or awards made in a Taking of any vaults, areas or projections outside of the boundaries of the Project Area owned by the District, or rights in, under or above the streets adjoining said Project Area, or the rights and benefits of light, air or access to said streets, or for the taking of space, or rights therein, below the surface of, or above, the Project Area. In such event, this Lease shall continue in full force and effect.

(f) Consequential and Severance Damages. All consequential and severance damages shall be paid to the party proving same in the condemnation proceeding.

(g) The District's Costs. In the case of any taking covered by the provisions of this Section 24 the District and Tenant shall each bear its respective costs, attorneys' and experts' fees and all other expenses incurred in the determination and collection of any such awards.

(h) Intervention. Subject to the provisions of any Leasehold Mortgage and any Basic Sublease, the District and Tenant shall each have the right to intervene in any Taking involving the NCMC Hospital Property.

(i) Other Situations. In the event that an award for condemnation is made other than for the situations described herein, it is the intention of the parties that the award reflect as nearly as possible the scheme of distribution set forth in this Section 24.

(j) Execution of Further Documents. The District and Tenant agree to execute any and all further documents that may reasonably be required in order to facilitate collection of any and all such awards. Tenant and the District shall each have the right to participate in any condemnation proceedings for the purpose of protecting their respective interests hereunder.

(k) District as Condemnee. If the District or any Governmental Authority acting by or on behalf of the District shall take or cause a Taking of all or any portion of the Project Area, then the District agrees that, notwithstanding anything to the contrary herein contained, it shall not be entitled to receive, and it irrevocably waives any right to the Condemnation Proceeds resulting from such Taking.

25. Non-Merger of Estates.

(a) No Merger. If the District is or becomes the holder of any Leasehold Mortgage creating a Lien on the leasehold estate of Tenant, or if the District shall acquire the Improvements, or leasehold estate, or if Tenant, or any Subtenant or assignee of Tenant, shall

acquire the Project Area, or if any Leasehold Mortgagee acquires the fee title to the Project Area (while such Leasehold Mortgage is in existence on the leasehold estate), no merger of any estates in the Project Area shall occur and all estates shall always be kept separate and distinct.

(b) Future Amendments. If Tenant seeks to create a Leasehold Mortgage on its leasehold estate or to enter into any Sublease on one or more occasions, the District agrees to amend the non-monetary provisions of this Lease, other than the provisions in Sections 2 and 6 of this Lease relating to the Term and the use of the Project Area, from time to time to the extent reasonably required by any Person proposing to make Tenant a loan secured by a Lien upon such Tenant's leasehold estate or to enter into a Sublease. All such amendments shall be subject to the review and reasonable approval of the District. Without limiting any of the aforesaid rights of the District to disapprove of any such amendments, in no event shall the District be obligated to agree to any modification which, in the reasonable opinion of counsel for the District, would materially adversely affect (i) the District's unsubordinated interest in the Project Area, or (ii) any of the District's other rights or any of the District's obligations under this Lease. All reasonable expenses incurred by the District in connection with any such amendment shall be paid by Tenant.

26. Notices.

(a) Address. Any notices required to be given under this Lease shall be in writing and delivered by certified mail, postage prepaid, or by hand or by private, reputable overnight commercial courier service, to the District at the following address:

Mayor of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, D.C. 20005
Attn: City Administrator

with a copy to:

Office of Property Management
441 Fourth Street, NW, Suite 1100 S
Washington, DC 20001

and

Office of the Attorney General for the District of Columbia
441 4th Street, NW, Suite 600 North
Washington, D.C. 20001
Attn: Deputy Attorney General

Any notice or communications to be given to Tenant shall be given to it by regular certified mail or personal delivery at the following address:

H. Patrick Swygert
President
Howard University
Office of the President
2400 Sixth Street, N.W.
Washington, D.C. 20059

with a copy to:

Norma B. Leftwich, Esquire
General Counsel
Howard University
Office of the General Counsel
2400 Sixth Street, N.W., Suite 321
Washington, D.C. 20059

(b) Change of Address. Tenant shall notify the District of any change of address and failure to do so shall constitute a waiver by Tenant of any notice requirement.

27. Authority of Parties.

(a) Authority of the District. By executing this Lease, the District represents to Tenant that: (i) it is authorized to enter into, execute, and deliver this Lease and perform the obligations hereunder; (ii) this Lease is effective and enforceable against the District in accordance with its terms; (iii) the person signing on the District's behalf is duly authorized to execute this Lease; and (iv) no other signatures or approvals are necessary in order to make all of the representations of the District contained in this paragraph true and correct.

(b) Tenant's Representations. By executing this Lease, Tenant represents to the District that: (i) it is authorized to enter into, execute and deliver this Lease and perform its obligations hereunder; (ii) this Lease is effective and enforceable against Tenant in accordance with its terms; (iii) the person signing on behalf of Tenant is duly authorized to execute this Lease; and (iv) no other signatures or approvals are necessary in order to make all of the representations of Tenant contained in this paragraph true and correct. Tenant represents that it is in good standing in its place of organization and will remain so for so long as it is Tenant hereunder and that it has, and will remain, qualified to do business in the District, for so long as it is Tenant hereunder. Tenant further represents that it has received no notice of default or deficiency with respect to any other obligation to the District, whether or not arising under this Lease. Neither Tenant nor any of its officers is a defendant in any pending action instituted by the District.

28. Brokers. The District and Tenant agree that this Lease was directly negotiated between them and that no broker was involved in bringing about this Lease. No claim of a broker's fee shall be made against either the District or the Tenant.

29. No Option on Review of Lease. The submission of this Lease for examination or consideration by Tenant or discussions between the District and Tenant does not constitute a reservation of or option for the Project Area, and this Lease shall be and become effective as a Lease Agreement only upon legal execution and delivery hereof by the District and Tenant.

30. Relationship of the Parties. Nothing herein contained shall be deemed or construed by the parties or by any third party as creating the relationship of principal and agent, partnership, joint venture, or any association between the parties hereto other than the relationship of the District and Tenant. This Lease is made for the benefit of the parties hereto and not for the benefit of any third party.

31. Provisions Severable. If any provision of this Lease or the application thereof to any person or circumstance is ruled invalid or unenforceable by a court of competent jurisdiction, the remainder of this Lease or the application of such provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall continue in effect and be enforceable to the fullest extent permitted by law.

32. Remedies Cumulative; No Waiver. The rights and remedies granted herein or by law or equity are separate and no one of them, whether or not exercised, shall be deemed to exclude other rights or remedies. No failure of a party to exercise, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of any right or remedy granted hereunder. Receipt by the District of any rent or other amount due hereunder with knowledge of the breach by the Tenant of any provision hereof shall not constitute a waiver of such breach or an accord and satisfaction. To be valid, any waiver shall be in writing and signed by the party waiving its rights, and no waiver of any breach shall be deemed to be a waiver of any subsequent breach.

33. Interpretation. The captions, table of contents, and headings appearing in the Lease are inserted only as a matter of reference and in no way amplify, restrict, define, or modify the scope or intent of any provisions of the Lease. The neuter, feminine, and masculine pronouns when used in the Lease shall each include each of the other genders. The parties hereto agree that all of the provisions of this Lease are to be construed as covenants and agreements as though the words imparting such covenants and agreements were used in each separate provision hereof. Although the provisions of the Lease were drafted by the District, the terms of the Lease were fully negotiated by the parties and shall not be construed for or against the District or Tenant, but the Lease shall be interpreted in accordance with the general meaning of the language herein contained in an effort to reach the intended result.

34. Counterparts. This Lease may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

35. Governing Law, Waiver of Jury Trial.

(a) The Lease and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the laws of the District of Columbia.

(b) The District and Tenant hereby waive trial by jury in any action, proceeding, or counterclaim on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of the District and tenant, Tenant's use or occupancy of the Project Area and/or any claim of injury or damage.

36. Time of the Essence. Time is of the essence with respect to the performance of all obligations by either party under this Lease.

37. Recording. This Lease shall not be recorded. The District and Tenant agree to execute, acknowledge and record, a short form memorandum of Lease describing the Project Area and stating the Term, the Lease Commencement Date, the Expiration Date, and other information the parties agree to include. Such memorandum shall be recorded by Tenant in the land records of the District of Columbia, and Tenant shall pay all recording, transferring and other charges related thereto.

38. Survival of Remedies. Each party's remedies shall survive the termination of this Lease whether such termination is caused by the Default of the other party or otherwise.

39. Waiver of Redemption. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed for any cause, or in the event of the District obtaining possession of the Project Area by reason of violation by Tenant of any of the covenants and conditions of this Lease or otherwise. The rights given to the District herein are in addition to any right that may be given to the District by any statute or otherwise.

40. Force Majeure. The Tenant and the District shall be excused from performing an obligation or undertaking provided for in this Lease so long as the performance is prevented or delayed, retarded, or hindered by Force Majeure.

41. District's Fees. Whenever Tenant requests the District to take any action or give any consent required or permitted under this Lease, within thirty (30) days after demand from the District, Tenant will reimburse the District for all of the District's actual third party fees and costs incurred in reviewing the proposed action or consent, including, without limitation, reasonable attorneys', engineers', architects', accountants', and other professional fees, except as otherwise specifically provided in this Lease. Tenant will be obligated to make such reimbursement without regard to whether the District consents to any such proposed action provided, however, that in the event the District is required by this Lease not to unreasonably withhold or delay such consent with respect to such proposed action such withholding or delay of such consent must be reasonable.

42. Public Officials not to Benefit. Any member of or delegate to the Congress of the United States, members of the Council of the District, or any other official of the District government, its contractors, agents or employees, shall be prohibited from deriving any benefit that may arise directly or indirectly from this Lease.

43. Indemnification, Certain Rights of The District.

(a) Tenant Indemnity. To the fullest extent permitted by law, on and after the Lease Commencement Date, Tenant shall indemnify and save harmless the District against and from any and all claims whatsoever by or on behalf of any Person or Persons, arising from (i) the operation, management or occupancy of the Project Area, (ii) the construction of Improvements or any other work or thing whatsoever done in and on the Project Area, (iii) any condition of the Project Area, (iv) any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed pursuant to the terms of this Lease, (v) any act of negligence by Tenant, or any of Tenant's agents, contractors, servants, employees or licensees, (vi) any accident, injury or damage whatsoever caused to any person, occurring during the Term of this Lease, in or on the Project Area, and (vii) all claims, judgments, damages, losses, penalties, fines, liabilities, Liens, costs and expenses of any and every kind whatsoever (including, without limitation, reasonable attorneys' fees and expenses) paid or incurred in or in connection with or as a result of any such claim or action or proceeding brought thereon; and in case any action or proceeding shall be brought against the District by reason of any such claim, Tenant upon notice from the District agrees to resist and defend such action or proceeding and to employ counsel therefor selected by Tenant. Notwithstanding any of the foregoing to the contrary, Tenant shall not be required to indemnify the District with respect to (i) any circumstance which would otherwise be an indemnified matter if such circumstance is caused by the act or omission of the District or any of its employees, agents or contractors, or (ii) any Pre-Existing Environmental Condition.

(b) Survival. The provisions of this Section 43 shall survive the expiration or earlier termination of this Lease.

44. Nondiscrimination.

(a) Definition. As used in this Section 44, "Facility" means the Improvements.

(b) No Discrimination in Facilities. The Tenant shall not discriminate by segregation or otherwise against any person because of race, creed, color, religion, sex, national origin, age, marital status, personal appearance, sexual orientation, family responsibilities, physical handicap, matriculation, political affiliation, source of income, place of business or business in furnishing or by refusing to furnish to such person or persons the use of any facility, including any and all services, privileges, accommodations and activities provided within the Project Area.

(c) Concession Agreements. Tenant shall include, or require the inclusion, of the foregoing provisions of this section (with the terms "Tenant" and "District" appropriately modified) in each Sublease and other agreement or concession agreement pursuant to which any persons other than Tenant operates or has the right to operate the facility. Tenant shall take such action with respect to such agreement as the District may direct as a means of enforcing this section, including without limitation the termination of such agreement or concession.

(d) No discrimination in Employment. In connection with Tenant's operation of its facilities on the Project Area, the Tenant shall not discriminate against any employee or applicant for employment because of race, creed, color, religion, national origin, sex, age, marital status, personal appearance, sexual orientation, family responsibilities, physical handicap, matriculation, or political affiliation. Tenant shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, sex, national origin, age, marital status, personal appearance, sexual orientation, family responsibilities, or physical handicap. Such action shall include without limitation the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation; and selection for training, including apprenticeships. Tenant shall post in conspicuous places available to employees and applicants for employment, notices to be provided by the District setting forth the provisions of this non-discrimination clause.

(e) Advertisements. In all solicitations or advertisements for employees placed by or on behalf of Tenant, Tenant shall state that all qualified persons will receive consideration for employment without regard to race, creed, color, religion, national origin, sex, age, marital status, personal appearance, sexual orientation, family responsibilities, physical handicap, matriculation or political affiliation.

(f) Contracts. Tenant shall insert the foregoing nondiscrimination in employment provisions in all contracts for procurement of goods and services relating to the Tenant's construction of Improvements on the NCMC Hospital Property, the Tenant's operation of the NCMC Hospital, except contracts for standard commercial supplies of raw materials, unless exempted by rules, regulations, or orders of the District, so that such provisions will be binding upon each contractor or vendor. Tenant shall take such action with respect to any contractor or vendor as the District may direct as a means of enforcing such provisions, including without limitation sanctions for noncompliance; provided, however, that in the event Tenant becomes involved in or is threatened with litigation with a contractor or vendor as a result of such direction by the District, Tenant shall give notice thereof to the District and Tenant may request the District to enter into such litigation to protect the interests of the District.

(g) Noncompliance. Tenant's noncompliance, as determined by the Superior Court of the District of Columbia, with the nondiscrimination provisions of this Section 44 shall constitute a material breach of this Lease. In the event of such noncompliance, the District may take appropriate action to enforce compliance, may declare Tenant ineligible for further leases with the District, or may pursue such other remedies as may be provided by law or in equity.

45. Approval of District. Whenever the consent or approval is required of the District under this Lease, it means the consent or approval of the Mayor of the District of Columbia.

[signatures begin on next page]

IN WITNESS WHEREOF:

The District of Columbia has on this _____ day of _____, 2006, caused these presents to be signed by Anthony A. Williams, its Mayor, and properly attested, and its corporate seal to be affixed and does hereby appoint Anthony A. Williams its true and lawful attorney-in-fact to acknowledge and deliver these presents as its act and deed.

ATTEST:

DISTRICT OF COLUMBIA, a municipal
corporation

By: _____
Anthony A. Williams
Mayor of the District of Columbia

Approved as to Legal Sufficiency:

Deputy Attorney General, D.C.

_____, 2006

Tenant has on this _____ day of _____, 2006, caused these presents to be signed by _____, its _____, and properly attested, and its corporate seal to be affixed and does hereby appoint _____ its true and lawful attorney-in-fact to acknowledge and deliver these presents as its act and deed.

ATTEST:

Howard University, a
non-profit corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT A-1

Description of Project Area

EXHIBIT B

Lease Confirmation Certificate

EXHIBIT C

Resolution of D.C. Council Approving Lease

EXHIBIT D

Letter From G.S.A. Approving Lease

EXHIBIT E

Permitted Encumbrances

EXHIBIT F

207 LEASE ADDENDUM

Notwithstanding any other provisions of this lease, if and so long as this leasehold is subject to a mortgage insured, reinsured, or held by the Federal Housing Commissioner or given to the Commissioner in connection with a resale, or the demised premises are acquired and held by him because of a default under said mortgage:

1. The tenant is authorized to obtain a loan, the repayment of which is to be insured by the Federal Housing Commissioner and secured by a mortgage on this leasehold estate. Tenant is further authorized to execute a mortgage on this leasehold and otherwise to comply with the requirements of the Federal Housing Commissioner for obtaining such an insured mortgage loan.
2. [Intentionally Deleted].
3. If approved by the Federal Housing Commissioner and the District, if required by the Lease, tenant may assign, transfer or sell his interest in the demised premises.
4.
 - (a) Insurance policies shall be in an amount, and in such company or companies and in such form, and against such risks and hazards, as shall be approved by such mortgagee, the District and/or the Federal Housing Commissioner.
 - (b) The Landlord shall not take out separate insurance concurrent in form or contributing in the event of loss with that specifically required to be furnished by the Tenant to the mortgagee. The Landlord may at its own expense, however, take out separate insurance which is not concurrent in form or not contributing in the event of loss with that specifically required to be furnished by the Tenant.
5.
 - (a) If all or any part of the NCMC Hospital Property shall be taken by condemnation that portion of any award attributable to the improvements or damage to the improvements shall be paid to the mortgagee or otherwise disposed of as may be provided in the insured mortgage. Any portion of the award attributable solely to the taking of land shall be paid to the Landlord. After the date of taking the annual ground rent shall be reduced ratably by the proportion which the award paid to the Landlord bears to the total value of the land as established by the amount the Federal Housing Commissioner would be required to pay upon acquisition of the fee as set out in paragraph 2 of this addendum.
 - (b) In the event of a negotiated sale of all or a portion of the NCMC Hospital Property in lieu of condemnation, the proceeds shall be distributed and ground rents reduced as provided in cases of condemnation, but the

approval of the Commissioner and the mortgagee shall be required as to the amount and division of the payment to be received.

6. The Landlord agrees that, within ten (10) days after receipt of written request from Tenant, it will join in any and all applications for permits, licenses or other authorizations required by any governmental or other body claiming jurisdiction in connection with any work which the Tenant may do hereunder, and will also join in any grants for easements for electric, telephone, gas, water, sewer and such other public utilities and facilities as may be reasonably necessary in the operation of the demised premises or of any improvements that may be erected thereon; and if, at the expiration of such ten (10) days' period, the Landlord shall not have joined in any such application, or grants for easements, the Tenant shall have the right to execute such application and grants in the name of the Landlord, and, for that purpose, the Landlord hereby irrevocably appoints the Tenant as its Attorney-in-fact to execute such papers on behalf of the Landlord.
7. Nothing in this lease contained shall require the Tenant to pay any franchise, estate, inheritance, succession, capital levy or transfer tax of the Landlord, or any income, excess profits or revenue tax, or any other tax, assessment, charge or levy upon the rent payable by the Tenant under this lease.
8. Upon any default under this lease which authorizes the cancellation thereof by the Landlord, Landlord shall give notice to the mortgagee and the Federal Housing Commissioner, and the mortgagee and the Federal Housing Commissioner, their successors and assigns, shall have the right within any time within six (6) months from the date of such notice to correct the default and reinstate the lease unless Landlord has first terminated the lease as provided herein.

At any time after two (2) months from the date a notice of default is given to the mortgagee and the Commissioner, the Landlord may elect to terminate the lease and acquire possession of the demised premises. Upon acquiring possession of the demised premises Landlord shall notify Commissioner and mortgagee. Mortgagee and Commissioner shall have six (6) months from the date of such notice of acquisition to elect to take a new lease on the demised premises. Such new lease shall have a term equal to the unexpired portion of the term of this lease and shall be on the same terms and conditions as contained in this lease, except that the mortgagee's and Commissioner's liability for ground rent shall not extend beyond their occupancy under such lease. The Landlord shall tender such new lease to the mortgagee or Commissioner within thirty (30) days after a request for such lease and shall deliver possession of the demised premises immediately upon execution of the new lease. Upon executing a new lease the mortgagee or Commissioner shall pay to Landlord any unpaid ground rentals due or that would have become due under this lease to the date of the execution of the new lease, including any taxes which were liens on demised premises and which were paid by Landlord, less any net rentals or other income which Landlord may have received on account of this property since the date of default under this lease.

9. All notices, demands and requests which are required to be given by the Landlord, the tenant, the mortgagee or the Commissioner shall be in writing and shall be sent by registered or certified mail, postage prepaid, and addressed to the address of the party as given in this instrument unless a request for a change in this address has been sent to the party giving the notice by registered or certified mail prior to the time when such notice is given.
10. This lease shall not be modified without the consent of the Federal Housing Commissioner.